

FOIA Marker

This is not a textual record. This FOIA Marker indicates that material has been removed during FOIA processing by George W. Bush Presidential Library staff.

Records Management, White House Office of Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

Stack:	Row:	Sect.:	Shelf:	Pos.:	FRC ID:	Location or Hollinger ID:	NARA Number:	OA Number:
W	11	4	9	1	9730	22593	10812	10754

Folder Title:

612727 [2]

Withdrawn/Redacted Material

The George W. Bush Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Letter	[Letter] - To: POTUS - From: Byron and Rebecca Augustin	1	02/14/2004	P6/b6;
002	Letter	[Letter] - To: POTUS - From: Byron and Rebecca Augustin	1	02/14/2004	P6/b6;
003	Report	Why Ratifying...	2	03/16/2004	P5;
004	Email	Re: Frank Dulcich - To: Kent Craford - From: Shelley Ashenfelter	1	03/10/2004	P6/b6;
005	Memorandum	Columbia River Channel Deepening Project - To: Karl Rove - From: Molly Bordonaro	1	03/07/2004	P5;
006	Report	John Edwards Questions from Rove Briefing	4	01/22/2004	PRM;

COLLECTION TITLE:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

Withdrawn/Redacted Material

The George W. Bush Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
007	Memorandum	Earth Day - To: Karl Rove, et al. - From: James L. Connaughton	2	02/27/2004	P5;
008	Handwritten Note	[Note] [with attachment] - To: Karl - From: Pete	1	N.D.	P5;
009	Email	FW: FYI -- Charles Schwab, Social Security [with attachments] - To: Barbara J. Goergen, et al. - From: Barry S. Jackson	8	01/07/2004	P5;
010	Letter	[Letter] [pages 1, 4]	2	03/16/2004	P6/b6;
011	Email	Fwd: Bush's Air National Guard Question???? [with attachment] - To: Peter Wehner - From: Rob Portman	7	03/12/2004	PRM;
012	Schedule	OPL Summary...[page 1]	1	03/12/2004	P6/b6;

COLLECTION TITLE:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

THE WHITE HOUSE
WASHINGTON

612 727

Date: 3/16/04

To: Dr. Markburger
From: Strategic Initiatives Karl Rove

- FYI
- Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per. Your Request
- Please Return
- Deadline
- Other

Comments: I ran into Edward
Lazowska at an event in
Washington and I thought these
materials might interest you.



UNIVERSITY OF WASHINGTON

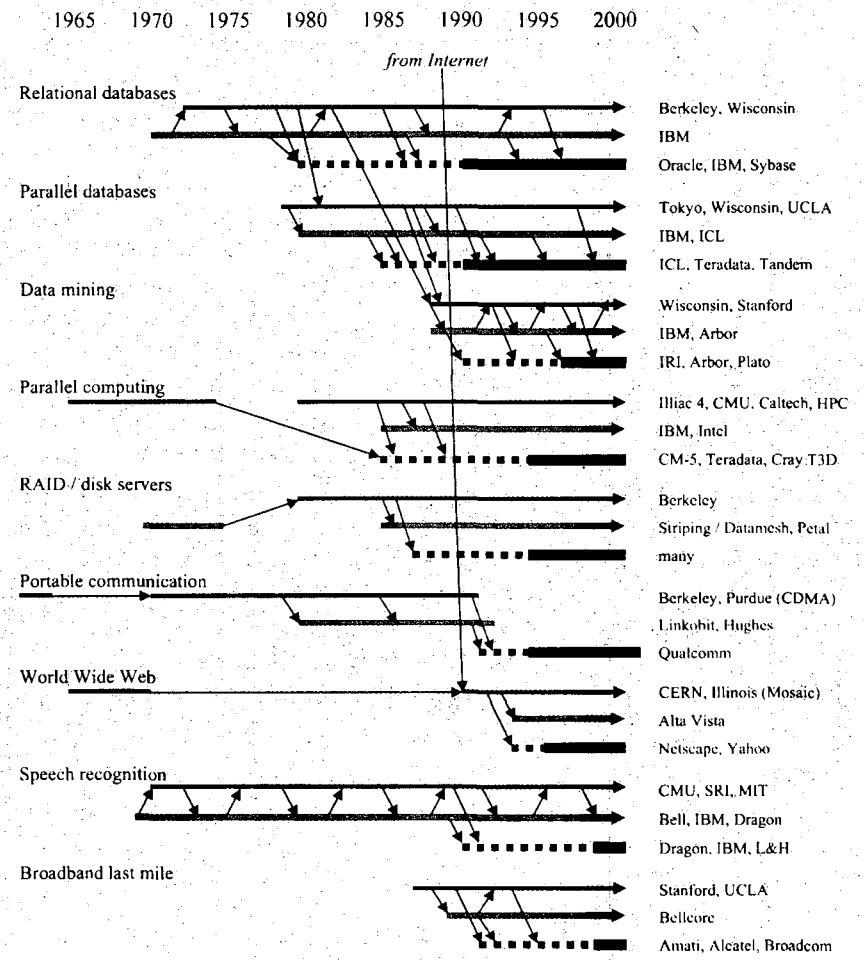
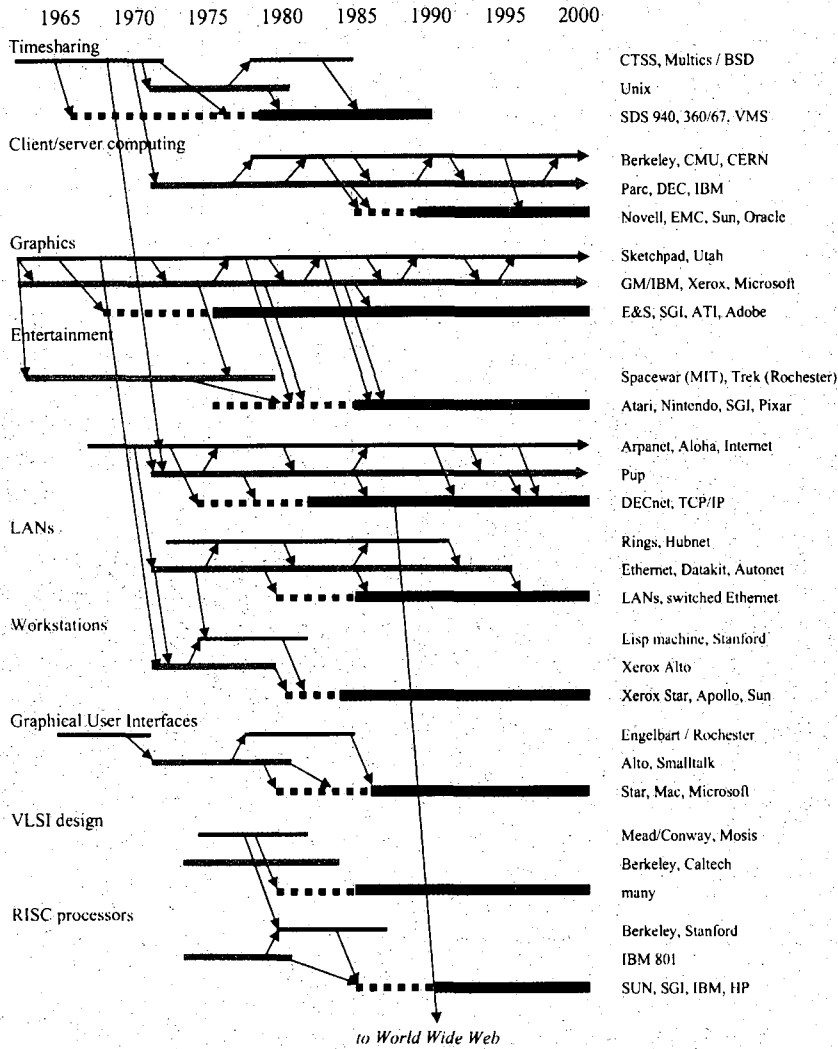
Edward D. Lazowska

Bill & Melinda Gates Chair in
Computer Science & Engineering

Paul G. Allen Center for Computer Science & Engineering
Box 352350 Seattle, Washington 98195-2350
206.543.4755 FAX: 206.543.2969 Home: 206.789.0477
lazowska@cs.washington.edu www.cs.washington.edu

Marking

Interplay of university research, industrial research, and development for IT in the US



1965 1970 1975 1980 1985 1990 1995 2000

— University — Industry research ■■■ Products — \$1B market

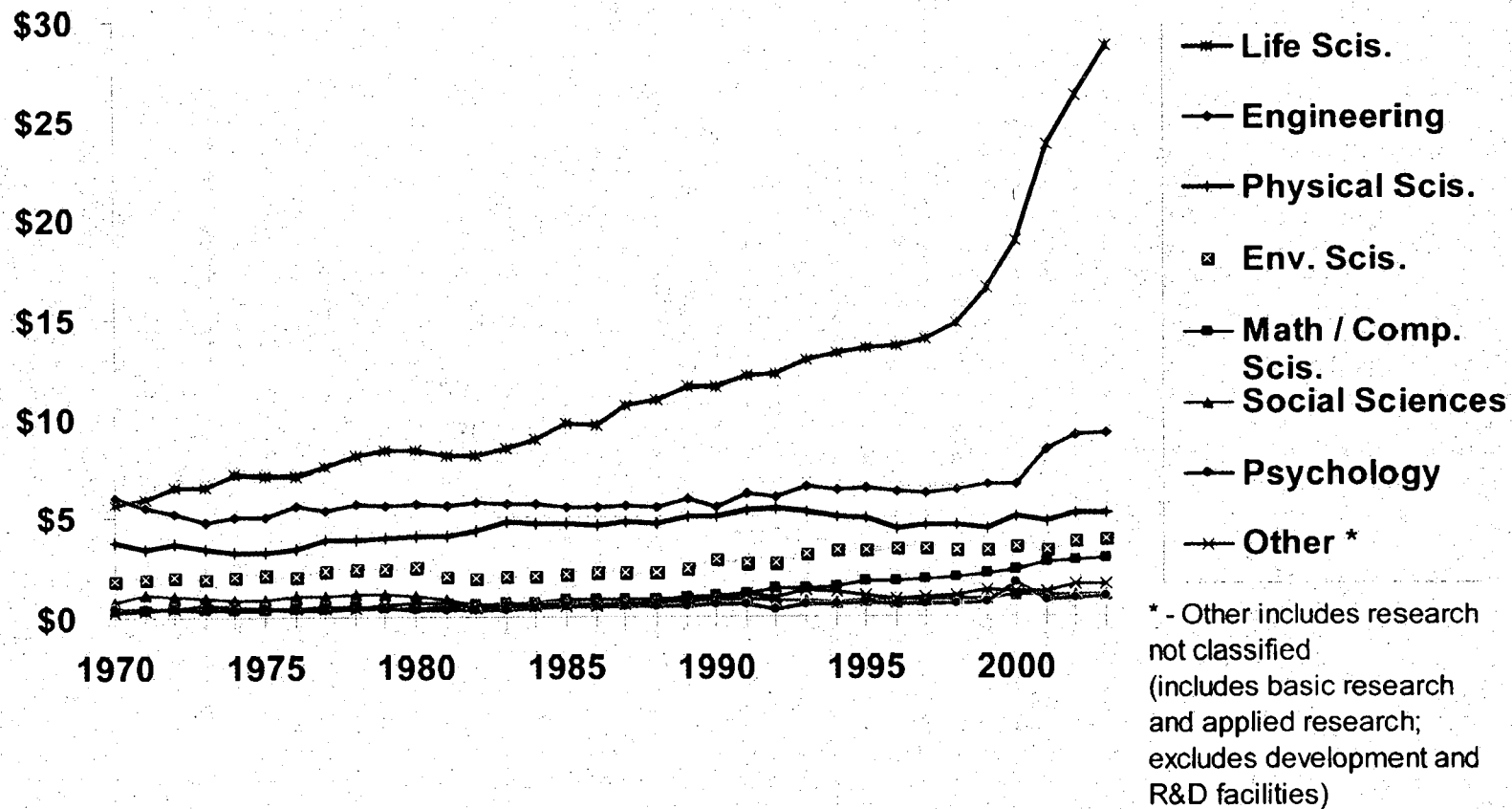
The topics are ordered roughly by increasing date of \$1B industry

National Research Council, 2003

Trends in Federal Research by Discipline, FY 1970-2003

obligations in billions of constant FY 2003 dollars

A Computer



* - Other includes research not classified (includes basic research and applied research; excludes development and R&D facilities)

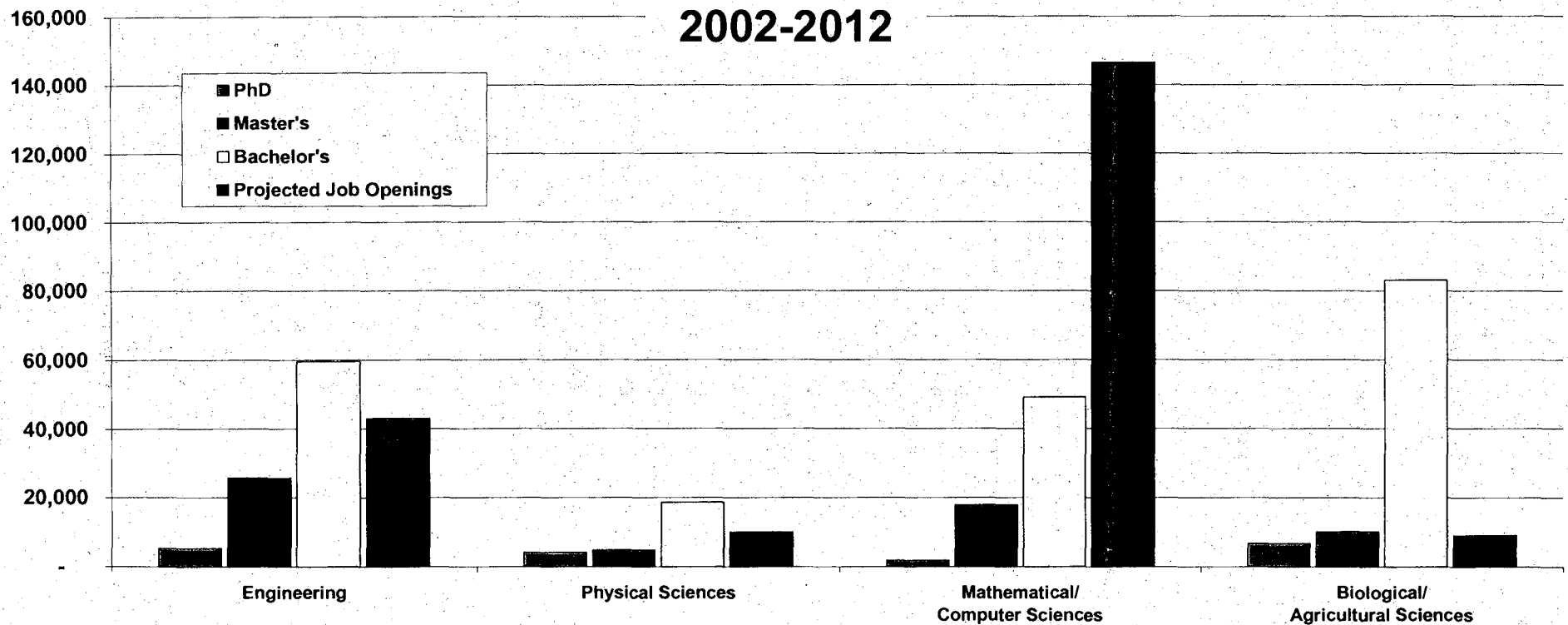
Source: National Science Foundation, *Federal Funds for Research and Development FY 2001, 2002, and 2003, 2003*. FY 2002 and 2003 data are preliminary. Constant-dollar conversions based on OMB's GDP deflators. AUGUST '03 © 2003 AAAS



AMERICAN ASSOCIATION FOR THE
ADVANCEMENT OF SCIENCE

Annual Degrees and Job Openings in Broad S&E Fields

2002-2012



SOURCES: Tabulated by National Science Foundation/Division of Science Resources Statistics; degree data from Department of Education/National Center for Education Statistics: Integrated Postsecondary Education Data System Completions Survey; and NSRFSS Survey of Earned Doctorates; Projected Annual Average Job Openings derived from Department of Commerce (Office of Technology Policy) analysis of Bureau of Labor Statistics 2002-2012 projections

612727

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: Presidential Correspondence
From: **Strategic Initiatives** BJ Goergen

- FYI
 - Appropriate Action
 - Direct Response
 - Prepare Response For My Signature
 - Per Our Conversation
 - Let's Discuss
 - Per Your Request
 - Please Return
 - Deadline
 - Other
- Comments: _____
- _____
- _____



Texas State University | SAN MARCOS

Department of Geography

601 University Drive
San Marcos, Texas 78666-4616
phone: 512.245.2170
fax: 512.245.8353
email: geography@txstate.edu
www.geo.txstate.edu

February 14, 2004

Mr. Karl Rove
Presidential Advisor
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. Rove;

We met briefly two years ago when you were on our campus to deliver a presentation for the Grosvenor Lecture Series in the Department of Geography. Recently, I had the opportunity to visit with Andy Samson, who works with our department regarding water resource initiatives. I told Andy about a special scholarship program and explained that we were discussing the possibility of a request to President Bush. Andy encouraged me to contact you and to explain the request to you and that you might be able to help.

The explanation of the scholarship program is provided in the letter that I have enclosed for President Bush. We would like to ask President Bush to personally autograph two, eight by ten photos of the President as well as two, "Spirit of Geography" sheets that I have enclosed. If the President would be willing to jot a short note of greetings to the Department of Geography with his autograph on the photos, that would be an extra benefit for us in raising money.

I believe that our students will respond positively to the sight of President Bush's signed photo on the Wall of Fame during the upcoming election. President Bush has a lot of support in this department, university and community and we want to do everything possible to make sure that he is re-elected.

Sincerely,

Byron & Rebecca Augustin
Dr. Byron Augustin Rebecca Augustin

2004 MAR 16 AM 9:32

EXEC. DIR. PRESIDENTIAL
INITIATIVE

Copy for Mr. Karl Rove



Texas State University | SAN MARCOS

Department of Geography

February 14, 2004

601 University Drive
San Marcos, Texas 78666-4616
phone: 512.245.2170
fax: 512.245.8353
email: geography@txstate.edu
www.geo.txstate.edu

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Bush;

On September 11, 2001, the geography department at Texas State University in San Marcos lost some very dear friends when the plane they were traveling on was forced to crash into the Pentagon. On board that plane were Mr. Joe Ferguson and Ms. Anne Judge of the National Geographic Society, as well as three Washington, DC, elementary teachers and three of their students. Joe was the Director of the Geographic Education Program and Anne was the Travel Coordinator at the National Geographic Society. My wife and I had conducted a workshop involving Joe, Anne and the teachers at the Society's headquarters the previous summer.

Last year our department initiated a scholarship to honor those friends lost in that tragic event. We named the scholarship, "The Spirit of Geography Scholarship." This year we will attempt to add funds to the scholarship. One of the ways that we hope to accomplish this is with a silent auction at our Annual Alumni Reunion and Student Celebration in April. This year we are asking a small number of visible celebrities such as yourself to participate in a unique project for the auction. Our request of you is for you to autograph two-eight by ten photos of yourself and two sheets, which we have included with this letter that symbolize the "Spirit of Geography Scholarship." We will then have both your signed photo and the symbolic sheet framed.

Our plan is to display two framed units at the silent auction. One will go to the highest bidder (with proceeds dedicated to the scholarship fund) and the other will hang on the "Wall of Fame" in the Department of Geography at Texas State. In the future we hope to add two or three celebrities each year. We sincerely hope that this is a project in which you will feel comfortable participating. We are certainly grateful for your consideration. If you have any additional questions, please feel free to contact us at (512-)245-3208 (office) or (b)(6)

Respectfully,

Byron and Rebecca Augustin



Texas State University | SAN MARCOS

Department of Geography

601 University Drive
San Marcos, Texas 78666-4616
phone: 512.245.2170
fax: 512.245.8353
email: geography@txstate.edu
www.geo.txstate.edu

February 14, 2004

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

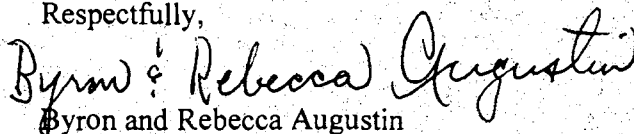
Dear President Bush;

On September 11, 2001, the geography department at Texas State University in San Marcos lost some very dear friends when the plane they were traveling on was forced to crash into the Pentagon. On board that plane were Mr. Joe Ferguson and Ms. Anne Judge of the National Geographic Society, as well as three Washington, DC, elementary teachers and three of their students. Joe was the Director of the Geographic Education Program and Anne was the Travel Coordinator at the National Geographic Society. My wife and I had conducted a workshop involving Joe, Anne and the teachers at the Society's headquarters the previous summer.

Last year our department initiated a scholarship to honor those friends lost in that tragic event. We named the scholarship, "The Spirit of Geography Scholarship." This year we will attempt to add funds to the scholarship. One of the ways that we hope to accomplish this is with a silent auction at our Annual Alumni Reunion and Student Celebration in April. This year we are asking a small number of visible celebrities such as yourself to participate in a unique project for the auction. Our request of you is for you to autograph two-eight by ten photos of yourself and two sheets, which we have included with this letter that symbolize the "Spirit of Geography Scholarship." We will then have both your signed photo and the symbolic sheet framed.

Our plan is to display two framed units at the silent auction. One will go to the highest bidder (with proceeds dedicated to the scholarship fund) and the other will hang on the "Wall of Fame" in the Department of Geography at Texas State. In the future we hope to add two or three celebrities each year. We sincerely hope that this is a project in which you will feel comfortable participating. We are certainly grateful for your consideration. If you have any additional questions, please feel free to contact us at (512-)245-3208 (office) or (b)(6)

Respectfully,


Byron and Rebecca Augustin



612727

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: *Mercer Reynolds*
From: **Strategic Initiatives** *Karl Love*

- FYI
- Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per Your Request
- Please Return
- Deadline
- Other

Comments: _____

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: *Dan Bartlett*
From: **Strategic Initiatives** *Karl Rove*

- FYI
- Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per Your Request
- Please Return
- Deadline
- Other

Comments: _____



YOU ARE CORDIALLY INVITED TO
A WEEKEND OF FESTIVITIES WITH FAMILY AND FRIENDS
CELEBRATING THE 80TH BIRTHDAY OF OUR 41ST PRESIDENT

GEORGE BUSH

JUNE 12 - 13, 2004

HOUSTON AND COLLEGE STATION, TEXAS

Response card enclosed

Your response should be received by May 1, 2004.

Space is limited at certain venues and will be based on availability at the time your commitment is received.

PROGRAM OF EVENTS

BIRTHDAY CELEBRATION & STAR-STUDED CONCERT

SATURDAY EVENING, JUNE 12

Minute Maid Park

Houston, Texas

VIP RECEPTION

5:00 p.m.

GENERAL RECEPTION & BUFFET SUPPER

6:00 p.m.

CONCERT & PROGRAM

8:00 p.m.

Casual Business Attire

★ ★ ★ ★ ★

THE PRESIDENT'S PARACHUTE JUMP, BARBEQUE LUNCHEON & ENTERTAINMENT

SUNDAY, JUNE 13

George Bush Presidential Library Center

College Station, Texas

PARACHUTE JUMP

with the United States Army Golden Knights Parachute Team

12:00 noon

LIBRARY TOURS & BARBEQUE LUNCHEON WITH ENTERTAINMENT

to follow

Casual Attire



CELEBRITY FRIENDS

SALUTE PRESIDENT BUSH ON THIS MILESTONE OCCASION

Clint Black
Lisa Hartman Black
Gary Carter*
Roger Clemens
Bo Derek*
Chris Evert*
Larry Gatlin*
Crystal Gayle*

Vince Gill
Amy Grant*
Lee Greenwood*
Naomi Judd*
Larry King*
Gerald McRaney
Dennis Miller*
Jim Nantz*
Chuck Norris*

The Oak Ridge Boys*
Michael W. Smith*
Rusty Staub*
Tommy Tune*
Randy Travis
Ronan Tynan*
Frederika von Stade
Bruce Willis
Wynonna

** Confirmed to attend in person as of March 1, 2004*

HOTEL AND AIRLINE INFORMATION

Hotel rooms are being held under the 41 @ 80 Bush Birthday block at the following hotels conveniently located within walking distance from Minute Maid Park, the site of the June 12 Birthday Party.

Please make your reservations and refer to the 41 @ 80 Bush Birthday for special room rates.

Four Seasons Hotel	1-713-652-6266
Hilton Americas	1-800-236-2905
Inn at the Ballpark	1-713-228-1520
Crowne Plaza	1-800-227-6963

Continental Airlines has graciously agreed to discount tickets for 41@80.

To obtain a 20% discount and/or special group rates on Continental Airlines, please call 1-800-468-7022 and refer to File Number UPLDDP. An additional 5% discount applies for tickets issued 60 days or more before the travel date. The discount applies to any published fare purchased through the above 800 number only. The discount is not available for reservations booked on-line. All restrictions applicable to that fare will apply.

International customers should call their local Continental reservations number and refer to the same file number.

For more information, please visit our guest website at: www.41at80.org/friends
or send an e-mail to: bush41fund@dinipartners.com or call us at 1-800-222-5087

THE GEORGE BUSH FORTY-ONE ENDOWMENT

WHICH WILL FUND THE PERMANENT ENDOWMENTS IN HIS HONOR AT

THE GEORGE BUSH PRESIDENTIAL LIBRARY FOUNDATION
THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
THE POINTS OF LIGHT FOUNDATION

RECOGNIZING HIS LIFETIME OF PUBLIC SERVICE

Through the course of his life's work, George Bush became passionately and personally committed to three organizations that have contributed to America's greatness: the George Bush Presidential Library Foundation in College Station, Texas; The University of Texas M. D. Anderson Cancer Center in Houston, Texas; and the Points of Light Foundation, headquartered in Washington, D.C. Each of these three organizations taps into the strong undercurrents of faith, family, and friends that have shaped George Bush's life.

The George Bush Forty-One Endowment Campaign is like no other philanthropic endeavor in America. As perhaps the first collaborative campaign of its kind, contributions to this innovative fund will be dedicated to the permanent endowments of each of these three benefiting organizations, ensuring that their contributions to the nation will continue far into the future.

THE GEORGE BUSH PRESIDENTIAL LIBRARY FOUNDATION

The George Bush Presidential Library Center at Texas A & M University epitomizes the work and dedication to public service that have marked the career of George Bush. Much more than a state-of-the-art museum capturing the story of a uniquely American world leader, the George Bush Presidential Library Center is a dynamic learning environment dedicated to the idea that public service is a noble calling. The Library Center is comprised of the George Bush Presidential Library and Museum, the George Bush School of Government and Public Service, and the George Bush Presidential Library Foundation. The Foundation is a nonprofit educational foundation that not only sponsors its own programs and activities, but also provides program and financial support to the Library Center.

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER

People everywhere benefit from research discoveries made at M. D. Anderson Cancer Center, which *U.S. News & World Report* ranks as the nation's best cancer hospital. M. D. Anderson's greatest strength lies in translating scientific knowledge gained in the laboratory to improve methods for diagnosing, treating, and preventing cancer. Its faculty receives more peer-reviewed research grants and conduct more clinical trials of new therapies than any other institution in the country. President George Bush, who recently completed a two-year term as Chairman of M. D. Anderson's Board of Visitors, epitomizes the commitment of many dedicated volunteers. Philanthropic support from The George and Barbara Bush Endowment for Innovative Cancer Research helps assure that M. D. Anderson will continue making cancer history.

THE POINTS OF LIGHT FOUNDATION

The "Thousand Points of Light" concept was launched in 1988 when George Bush accepted the Republican Nomination for President of the United States. His words and vision created an organization that provides all Americans an opportunity to use their time, talents, and energy in service to others. The Points of Light Foundation believes that the world will be a better place if more people are engaged as volunteers, and communities will be healthier when volunteering is central to the life and work of all citizens.

Today, the Points of Light Foundation & Volunteer Center National Network provides leadership at both local and national levels to organize and mobilize America's greatest resource - its millions of volunteers - to tackle our toughest social problems, including poverty, substance abuse, homelessness, crime, and scores of other issues in thousands of communities across the nation. Through a network of more than 350 Volunteer Centers, in partnership with more than 50,000 nonprofit agencies, businesses, and organizations - the Foundation connects nearly 2.4 million people to volunteer opportunities each year.

THE GEORGE BUSH FORTY-ONE ENDOWMENT

WHICH WILL FUND THE PERMANENT ENDOWMENTS IN HIS HONOR AT

THE GEORGE BUSH PRESIDENTIAL LIBRARY FOUNDATION
THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
THE POINTS OF LIGHT FOUNDATION

RECOGNIZING HIS LIFETIME OF PUBLIC SERVICE

Through the course of his life's work, George Bush became passionately and personally committed to three organizations that he contributed to America's greatness: the George Bush Presidential Library Foundation in College Station, Texas; the University of Texas M. D. Anderson Cancer Center in Houston, Texas; and the Points of Light Foundation, headquartered in Washington, D.C. Each of these three organizations taps into the strong undercurrents of faith, family, and friends that shaped George Bush's life.

The George Bush Forty-One Endowment Campaign is like no other philanthropic endeavor in America. As perhaps the first collaborative campaign of its kind, contributions to this innovative fund will be dedicated to the permanent endowments of each of these three benefiting organizations, ensuring that their contributions to the nation will continue far into the future.

THE GEORGE BUSH PRESIDENTIAL LIBRARY FOUNDATION

The George Bush Presidential Library Center at Texas A & M University epitomizes the work and dedication to public service that have marked the career of George Bush. Much more than a state-of-the-art museum capturing the story of a uniquely American world leader, the George Bush Presidential Library Center is a dynamic learning environment dedicated to the idea that public service is a noble calling. The Library Center is comprised of the George Bush Presidential Library and Museum, the George Bush School of Government and Public Service, and the George Bush Presidential Library Foundation. The Foundation is a nonprofit educational foundation that not only sponsors its own programs and activities, but also provides program and financial support to the Library Center.

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER

People everywhere benefit from research discoveries made at M. D. Anderson Cancer Center, which *U.S. News & World Report* ranks as the nation's best cancer hospital. M. D. Anderson's greatest strength lies in translating scientific knowledge gained in the laboratory to improve methods for diagnosing, treating, and preventing cancer. Its faculty receives more peer-reviewed research grants and conduct more clinical trials of new therapies than any other institution in the country. President George Bush, who recently completed a two-year term as Chairman of M. D. Anderson's Board of Visitors, epitomizes the commitment of many dedicated volunteers. Philanthropic support from The George and Barbara Bush Endowment for Innovative Cancer Research helps ensure that M. D. Anderson will continue making cancer history.

THE POINTS OF LIGHT FOUNDATION

The "Thousand Points of Light" concept was launched in 1988 when George Bush accepted the Republican Nomination for President of the United States. His words and vision created an organization that provides all Americans an opportunity to use their time, talents, and energy in service to others. The Points of Light Foundation believes that the world will be a better place if more people are engaged as volunteers, and communities will be healthier when volunteering is central to the life and work of all citizens.

Today, the Points of Light Foundation & Volunteer Center National Network provides leadership at both local and national levels to organize and mobilize America's greatest resource - its millions of volunteers - to tackle our toughest social problems, including poverty, substance abuse, homelessness, crime, and scores of other issues in thousands of communities across the nation. Through its network of more than 350 Volunteer Centers, in partnership with more than 50,000 nonprofit agencies, businesses, and organizations - the Foundation connects nearly 2.4 million people to volunteer opportunities each year.

BENEFACTOR \$1,000,000

- 4 Invitations for a dinner hosted by President and Mrs. Bush at their apartment at the George Bush Presidential Library with a special guest speaker (speaker and date to be determined)
 - 2 Invitations to participate in a celebrity golf event at Royal Oaks Golf Course on Friday, June 11
 - 4 Invitations to a private VIP reception on Friday, June 11
 - 10 Invitations and special seating at a donor brunch at M. D. Anderson Cancer Center on Saturday, June 12
 - 10 Invitations to a special community service event organized by the Points of Light Foundation on Saturday, June 12
 - 20 Invitations to the VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries followed by the Birthday Party & Concert with premier seating on Saturday, June 12
 - 20 Invitations for a luxury train trip to the George Bush Presidential Library to view President Bush's parachute jump, followed by a casual luncheon on Sunday, June 13
- Recognition on commemorative plaques at beneficiary organizations and commemorative gifts for all guests
Prominent recognition in the event printed materials and the event presentation screens.

Fair Market Value \$10,700

UNDERWRITER \$500,000

- 2 Invitations for a dinner hosted by President and Mrs. Bush at their apartment at the George Bush Presidential Library with a special guest speaker (speaker and date to be determined)
 - 2 Invitations to participate in a celebrity golf event at Royal Oaks Golf Course on Friday, June 11
 - 2 Invitations to a private VIP reception on Friday, June 11
-
- 10 Invitations and special seating at a donor brunch at M. D. Anderson Cancer Center on Saturday, June 12
 - 10 Invitations to a special community service event organized by the Points of Light Foundation on Saturday, June 12
 - 20 Invitations to the VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries followed by the Birthday Party & Concert with premier seating on Saturday, June 12
 - 20 Invitations for a luxury train trip to the George Bush Presidential Library to view President Bush's parachute jump, followed by a casual luncheon on Sunday, June 13
- Recognition on commemorative plaques at beneficiary organizations and commemorative gifts for all guests
Prominent recognition in the event printed materials and the event presentation screens

Fair Market Value \$10,400

CHAMPION \$250,000

- 2 Invitations for a dinner hosted by President and Mrs. Bush at their apartment at the George Bush Presidential Library with a special guest speaker (speaker and date to be determined)
 - 2 Invitations to participate in a celebrity golf event at Royal Oaks Golf Course on Friday, June 11
 - 2 Invitations to a private VIP reception on Friday, June 11
 - 10 Invitations and special seating at a donor brunch at M. D. Anderson Cancer Center on Saturday, June 12
 - 10 Invitations to a special community service event organized by the Points of Light Foundation on Saturday, June 12
 - 20 Invitations to the VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries followed by the Birthday Party & Concert with premier seating on Saturday, June 12
 - 10 Invitations for a luxury train trip to the George Bush Presidential Library to view President Bush's parachute jump, followed by a casual luncheon on Sunday, June 13. Ten (10) additional invitations to the parachute jump and luncheon with complimentary luxury bus transportation for your other guests
- Recognition on commemorative plaques at beneficiary organizations and commemorative gifts for all guests
Prominent recognition in the event printed materials and the event presentation screens

Fair Market Value \$10,400

- 2 Invitations to participate in a celebrity golf event at Royal Oaks Golf Course on Friday, June 11
 - 2 Invitations to a private VIP reception on Friday, June 11
 - 6 Invitations and special seating at a donor brunch at M. D. Anderson Cancer Center on Saturday, June 12
 - 6 Invitations to a special community service event organized by the Points of Light Foundation on Saturday, June 12
 - 10 Invitations to the VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries followed by the Birthday Party & Concert with premier seating on Saturday, June 12
 - 6 Invitations for a luxury train trip to the George Bush Presidential Library to view President Bush's parachute jump, followed by a casual luncheon on Sunday, June 13. Four (4) additional invitations to the parachute jump and luncheon with complimentary luxury bus transportation
- Recognition on commemorative plaques at beneficiary organizations and commemorative gifts for all guests
Special recognition in the event printed materials

Fair Market Value \$5,290

P A T R O N \$ 5 0 , 0 0 0

- 2 Invitations to a private VIP reception on Friday, June 11
 - 4 Invitations and special seating at a donor brunch at M. D. Anderson Cancer Center on Saturday, June 12
 - 4 Invitations to a special community service event organized by the Points of Light Foundation on Saturday, June 12
 - 6 Invitations to a VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries on Saturday, June 12
 - 4 Additional invitations for guests to join you at the Birthday Party & Concert, with premier seating on Saturday, June 12
 - 4 Invitations for a luxury train trip to the George Bush Presidential Library to view President Bush's parachute jump, followed by a casual luncheon on Sunday, June 13. Six (6) additional invitations to the parachute jump and luncheon with complimentary luxury bus transportation
- Recognition on commemorative plaques at beneficiary organizations and commemorative gifts for all guests
Special recognition in the event printed materials

Fair Market Value \$4,910

L E A D E R \$ 2 5 , 0 0 0

- 6 Invitations to a special community service event organized by the Points of Light Foundation on Saturday, June 12
 - 4 Invitations to a VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries on Saturday, June 12
 - 6 Additional invitations for guests to join you at the Birthday Party & Concert, with special seating on Saturday, June 12
 - 4 Invitations to view President Bush's parachute jump, followed by a casual luncheon at the George Bush Presidential Library on Sunday, June 13 with complimentary luxury bus transportation
- Recognition in the event printed materials and a gift for host couple

Fair Market Value \$2,600

F R I E N D \$ 1 0 , 0 0 0

- 2 Invitations to a VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries on Saturday, June 12
 - 8 Additional invitations for guests to join you at the Birthday Party & Concert, with special seating on Saturday, June 12
 - 2 Invitations to view President Bush's parachute jump, followed by a casual luncheon at the George Bush Presidential Library on Sunday, June 13 with complimentary luxury bus transportation
- Recognition in the event printed materials and a gift for host couple

Fair Market Value \$2,550

S U P P O R T E R \$ 5 , 0 0 0

- 2 Invitations to a VIP reception prior to the Birthday Party at Minute Maid Park with celebrities and dignitaries on Saturday, June 12
 - 4 Invitations for guests to join you at the Birthday Party & Concert, with special seating on Saturday, June 12
 - 2 Invitations to view President Bush's parachute jump, followed by a casual luncheon at the George Bush Presidential Library on Sunday, June 13 with complimentary luxury bus transportation
- Recognition in the event printed materials and a gift for host couple

Fair Market Value \$1,150



AN 80TH BIRTHDAY SALUTE TO OUR 41ST PRESIDENT

GEORGE BUSH

June 12-13, 2004

HOUSTON TEXAS COLLEGE STATION TEXAS

Yes, I wish to participate as a sponsor at the following level: (Please refer to the Sponsor Benefits in the invitation)

- | | | | |
|--------------------------------------|--------------|------------------------------------|--------|
| <input type="checkbox"/> Benefactor | \$ 1,000,000 | <input type="checkbox"/> Patron | 50,000 |
| <input type="checkbox"/> Underwriter | 500,000 | <input type="checkbox"/> Leader | 25,000 |
| <input type="checkbox"/> Champion | 250,000 | <input type="checkbox"/> Friend | 10,000 |
| <input type="checkbox"/> Sponsor | 100,000 | <input type="checkbox"/> Supporter | 5,000 |

Individual Ticket Options

- _____ Individual tickets for the weekend package at \$250 per person for both the Saturday Birthday Party & the Sunday Parachute Jump/Luncheon
- _____ Individual tickets at \$200 per person for the Birthday Party on Saturday only
- _____ Individual tickets at \$100 per person for the Parachute Jump & Luncheon on Sunday only

I would like to purchase _____ round trip passes on the bus to College Station at \$50 per person for the parachute jump and luncheon.

The fair market value of the individual tickets is the actual purchase price

I am unable to attend, but please accept this contribution in the amount of \$ _____

Your gift will directly benefit the three beneficiaries thanks to the generous support of our event underwriters.

(continued other side)

P.O. Box 152036 ★ Houston, Texas 77219-2036 ★ 1-800-222-5087 ★ Fax 713-948-8708

bush41fund@dinipartners.com ★ www.41at80.org

Please print below exactly how you would like your gift to be recognized

Listing for recognition _____

Your Name _____ Spouse/Other _____

Organization _____

Address _____

City _____ State _____ Zip Code _____

Phone _____ Fax _____

Contact person _____ E-mail address _____

Please make your check payable to:

Greater Houston Community Foundation / George Bush Forty-One Endowment
P.O. Box 132036 • Houston, Texas • 77219-2036
Phone: (800) 222-5087 • Fax: (713) 942-8708

The Greater Houston Community Foundation (GHCF) is a fully tax-exempt public charity under sections 501 (c)(3) and 170 (b)(a)(A)(vi) of the Internal Revenue Code. As a component fund of GHCF, gifts to the George Bush Forty-One Endowment are tax deductible to the extent allowed by law.



P.O. Box 132036
Houston, Texas 77219-2036

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Report	Why Ratifying...	2	03/16/2004	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

OA Num.:

10754

NARA Num.:

10812

FOIA IDs and Segments:

2015-0037-F

2014-0124-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

612727

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: Bamy Jackson
From: Strategic Initiatives BJ Goergen

- FYI
 - Appropriate Action
 - Direct Response
 - Prepare Response For My Signature
 - Per Our Conversation
 - Let's Discuss
 - Per Your Request
 - Please Return
 - Deadline
 - Other
- Comments: _____
- _____
- _____

xc: Barry

Kent Craford

From: Shelley Ashenfelter [redacted] (b)(6)
Sent: Wednesday, March 10, 2004 11:29 PM
To: Kent Craford
Subject: Re: Frank Dulcich

Kent,

I've printed this out to give to Rove tomorrow, but since you're driving with him all day, you may want to provide it to him, so he has it in advance of the event. I couldn't send it to him today because he was already gone from DC, en route to here. Thanks!

Shelley

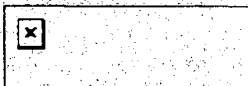
P.S. Since you're staffing him throughout the event, I have you helping in the photo room. Is that ok?

Kent Craford <craford@gallatingroup.com> wrote:

Shelley, here is Frank's bio:

Frank Dulcich is the President and owner of Pacific Seafood Group, headquartered in Clackamas, Oregon. A family-owned company since 1941, Pacific is one of the five largest seafood processing and distribution companies in the United States. The company employs over 1500 people and operates several large fish processing plants in coastal communities in Oregon, Washington and California. Mr. Dulcich is a Pioneer for President Bush and an active supporter of local and state Republican candidates.

Mr. Dulcich is prepared to discuss administration policy on fisheries quotas, and the need for balanced policies that recognize the interests of all seafood industry stakeholders, including processors.



Kent Craford
920 SW Sixth, Suite 1250
Portland, OR 97204
Ph: 503-220-0780
Fx: 503-220-0867
Cl: 503-970-4978
www.gallatingroup.com

Do you Yahoo!?
Yahoo! Search - Find what you're looking for faster.

3/11/2004

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Columbia River Channel Deepening Project - To: Karl Rove - From: Molly Bordonaro	1	03/07/2004	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

FOIA IDs and Segments:

2015-0037-F

OA Num.:

10754

2014-0124-F

NARA Num.:

10812

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

The Oregonian

Promise puts river dredging back on track

The administration scraps a "no-new-starts" policy and pledges money for deepening the Columbia

02/03/04

JIM BARNETT

WASHINGTON - The Bush administration on Monday promised to include money in its 2005 budget to deepen the Columbia River shipping channel, ending a policy of "no new starts" that had threatened to delay work for years.

Prospects appeared grim as recently as September, when a White House official said the \$160 million project would be considered a new start and probably would be excluded from the president's budget.

But Sen. Gordon Smith, R-Ore., said he secured a promise of money by appealing to President Bush and his top budget officials as they assembled their annual spending plan going into an election year.

"There has been a lot of effort extended on our part to try and make sure it was included," Smith said. "I'll use all the tools available to me. And in this case, I think there is a fortunate eclipse of a good policy and political timing."

Conceived by the U.S. Army Corps of Engineers more than a decade ago, the project would deepen the channel by three feet to 43 feet, from Portland to the Pacific Ocean. It would allow ships to load more fully, cutting operating costs.

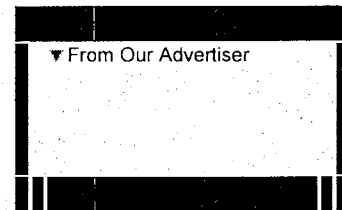
Officials with the Port of Portland and five other ports on the Lower Columbia have said they need a deeper channel to compete with deep-water ports serving Seattle, Tacoma and Los Angeles.

But the Bush administration had refused to earmark money for new projects in the corps' civil works budget until this year, making exceptions only when required by law. Officials had said their goal was to reduce the corps' \$41 billion backlog of projects that had been authorized but not completed.

The White House's decision to include the Columbia channel in its budget in 2005 and beyond boosts chances the project will be completed by the corps' target of mid-2007, said Bill Wyatt, executive director at the Port of Portland.

"We'd love to be done by 2007, but that will obviously be a challenge," Wyatt said. "In large part, that will be up to the corps itself."

The White House promise of funding came in the form of a "justification sheet" in the corps' budget. It says the project needs \$93 million in additional federal funds and that "the administration will propose construction funding for the project to Congress."



The process ahead

The corps did not propose a specific amount for 2005 because the project must clear a review by the White House Office of Management and Budget. Among other things, the review is intended to ensure that the corps accurately assessed the project's cost and benefits. The corps recently estimated that the deepening project would return \$1.66 for every \$1 of cost.

Smith said he had received assurances from the White House that the Columbia project would clear the review. The senator said he had been assured by aides to Joshua Bolten, the budget office director.

"The green light is definitely on," Smith said.

Congress still must approve any spending proposal from the corps. But inclusion in the budget serves as a first line of defense for Smith and other members of Congress from the region who must fend off competing demands for federal money.

Economic lifeline

The decision to include the project is remarkable given the limited resources the administration allocated to the corps' civil works budget, Smith said. The corps proposed spending a total of \$4.2 billion, the same as it did for 2004.

Smith said he succeeded in persuading Bush of the Columbia's importance as an economic lifeline to Oregon, which has had a difficult time recovering from the recession and which promises to be a battleground in November's presidential election.

"They are interested in creating and preserving jobs," Smith said. "And there are few things that could be proposed for Oregon's sake to create and preserve jobs more than that channel deepening."

At a news conference, corps officials said they had proposed funding for only three new civil works projects in 2005. Each was selected because it was expected to produce a high return on taxpayer dollars, they said. The promise of funds for the Columbia project is not part of the corps' request.

"Frugal budget"

"This is a frugal budget that reflects the priorities of a nation at war," said John P. Woodley Jr., assistant secretary of the Army for civil works.

Woodley, who assumed his post in August, said he was not aware of the no-new-starts policy. A corps spokeswoman confirmed that the policy had existed but apparently no longer was being enforced by the budget office.

"There was a no-new-starts policy at some point," Carol Sanders said. "But I really don't know what happened to it. They must have changed their policy in the interim."

The Columbia project received a total of \$10 million from Congress in previous years, but it was not included in previous administration budgets. Marcus Peacock, an associate director of the White House budget office, said in September that the Columbia project would be considered new because no dredging contracts had been awarded.

"Our general policy is to deal with the backlog we've got," Peacock told The Oregonian. "The more new starts you put into the backlog, the more everything gets stretched out, and everybody suffers."

Peacock and other budget officials did not return calls for comment Monday.

Jim Barnett: jim.barnett@newhouse.com; 503-294-7604

Nethercutt to push deepening plan

Saturday, February 21, 2004

By ERIK ROBINSON, Columbian staff writer

U.S. Rep. George Nethercutt vowed to push for money to deepen the Columbia River shipping channel for bigger modern ships during a Friday afternoon visit to the Port of Vancouver.

"I'm on the Appropriations Committee, and this is our time to fight for the money," he told a group of business, labor and agricultural leaders who gathered for a round-table discussion at the port. "It really is critical for our state."

Nethercutt, who is running against Democratic Sen. Patty Murray, said in an interview afterward that he will use his relationship with fellow Republican George W. Bush to ensure support from the White House.

Adjusted for inflation, and fully funded, it will cost \$150.5 million to deepen the river from 40 to 43 feet between Vancouver and Astoria, Ore.

The president included a line item for Columbia dredging in a budget proposal he submitted to Congress earlier this month, but he hasn't yet penciled in any money for the project.

Nethercutt said he believes he can get Bush's support for channel-deepening.

"The president's been here to our state, and he knows the importance of a multiple-use river system," Nethercutt said.

Dredging supporters are looking for \$15 million from the federal government for the fiscal year that begins in October. The money would be added to \$55 million already committed by state legislatures in Washington and Oregon and \$10 million already funded by the federal government, primarily for environmental restoration.

Nethercutt said he has long supported channel deepening because it benefits his constituents in Eastern Washington who barge grain downriver. Murray, too, has strongly supported the proposal, as has most of the political power structure in Washington and Oregon.

But Nethercutt said he's in a better position to find the money, because his party controls Congress and the White House.

"I'm happy to work with her," Nethercutt said of Murray. "But she's not in the majority, so it's a little more difficult for her. I'm going to be a strong advocate of this."

The Army Corps of Engineers believes the project will generate \$1.66 in transportation benefits for every tax dollar spent.

Corps economists figure that transportation savings will accrue because ships will be able to haul more material in a deeper channel, although the agency doesn't break down those benefits for farmers, shipping companies or overseas consumers.

Local port officials tout the benefits of a deeper channel to the grain ships that call at the Port of Vancouver.

But the corps calculates that almost two-thirds of the project's benefits will accrue to the higher-value merchandise hauled aboard giant container ships calling at the Port of Portland. A growing segment of the globe's fleet of container ships already drafts more than 50 feet of water when fully loaded, throwing into question the future economic viability of local ports even with a 43-foot-deep channel.

The Oregonian

Editorials

Time to move on channel project With an intense agency review completed, Congress and the White House need to fund a deeper shipping lane

01/14/04

It was the bureaucratic equivalent of a whisper, but the U.S. Army Corps of Engineers opened the door last week for the critically important dredging project on the Columbia River.

The project will deepen the middle of the river's shipping channel to 43 feet, from 40. It's important because channel deepening is the best way to keep the Columbia's inland river ports — Portland's in particular — competitive with other West Coast ports as a new generation of bigger cargo ships begins operating. The corps decision ends the federal-agency review process and allows the project to get under way at long last.

Or it would, if Congress and the Bush administration can be persuaded to get moving. You'll recall that last fall, the Northwest's congressional delegation narrowly missed getting skunked on this in the federal budget. Instead of the \$20 million that channel-deepening supporters had hoped for, the administration reclassified the project as "new" and zeroed it out of the budget.

The delegation tried to get \$5 million restored, just to keep the project alive, and finally managed to scrape up \$3.5 million. Now, advocates hope the White House will include \$15 million in the 2004-05 federal budget proposal, due in February.

The corps decision was the last major hurdle in a series of them thrown up during an intense two-year review of channel deepening. It included reassessments of the project's predicted economic impact (it returns more than \$1.60 for each \$1 of federal money invested, and far more if you look at it from the local perspective) and its environmental impact (it received green lights from federal and state endangered-species and clean-water regulators). The ports of Portland and Vancouver also settled a major environmental lawsuit in the process.

No one dares hope that it could go forward now without additional environmental litigation, although that would be nice. Whatever happens on that front, though, the project appears to be on firmer ground as a result of this latest round of regulatory review.

The administration may well have believed it was being prudent last fall when it seemed to back away from funding channel deepening. After all, the review had not been completed, so the actual project required relatively little money. Now, though, the White House ought to go ahead.

The overall trade benefits are obvious. The Port of Portland has a robust import business, which should be nurtured in this trade-oriented region. But Portland is more than just trade oriented. The port is, specifically, export oriented — serving the needs of agricultural producers and bulk cargo shippers. Its location, at the intersection of the key river, rail and highway transportation systems, makes it easier and cheaper for inland shippers. The additional hauling costs to reach Puget Sound or California could well spell the difference between competitive exports and no exports for some.

Ultimately these things add up to justification for this project. And, while it is small by federal spending standards, it's an important

▼ From Our Advertiser

The Business Journal
Book of Lists Event
January 26, 2004
The Performing Arts Center



OFFICE OF THE SENIOR ADVISOR

202-456-2020

202-456-0191 FAX

FACSIMILE TRANSMITTAL SHEET

TO: Kent Crawford	FROM: BJ Goergen
COMPANY:	DATE: MARCH 11, 2004
FAX NUMBER: 503-220-0867	TOTAL NO. OF PAGES INCLUDING COVER: <i>20</i>
PHONE NUMBER:	SENDER'S PHONE NUMBER: 202-456-2020
RE: Please deliver to Karl Rove	SENDER'S FAX NUMBER: 202-456-0191

URGENT
 FOR REVIEW
 PLEASE COMMENT
 PLEASE REPLY
 PLEASE RECYCLE

Please deliver to Karl Rove. Thanks.

Reading

612727



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

700 11th Street, NW
Washington DC 20001

NATIONAL ASSOCIATION OF REALTORS
February 23, 2004

HUD'S ONE PACKAGE APPROACH LIMITS COMPETITION
[RESPONSE TO OMB QUESTION AS TO WHY A ONE-PACKAGE APPROACH RESULTS IN
NON-COMPETITIVE OUTCOMES]

HUD's proposed RESPA rules—even allowing for sub-packaging—give lenders complete control over the origination and closing process. It is NAR's strong belief that HUD's one package approach will limit competition and thereby harm both consumers and small businesses, including real estate brokers and agents. Consumers will have fewer choices and pay higher prices. Smaller lenders and settlement service providers will be disadvantaged as the industry consolidates; competition declines and large lenders¹ take control. Only a true two-package approach that permits non-lenders to package directly to the consumer without lender veto power over consumer choice, will foster competition and enable HUD to achieve its basic objectives without disrupting the marketplace.

HUD's one package proposal will limit competition by tying the delivery of settlement services to the mortgage origination process.

By mandating a “one package” approach, which includes sub-packaging, HUD's regulation will effectively place the entire origination and closing process in the control of lenders. While settlement service providers—via sub-packaging—can compete to be included in lenders' packages, it is lenders—not consumers—that will ultimately select the packages to use.

HUD's proposal to encourage the “tying” of two distinctly different kinds of services is perplexing at best. Typically, the government chooses to regulate an industry in order to address problems associated with market failure. Ironically, one common type of market failure relates to the very practice that HUD is attempting to promote, namely, requiring that a purchaser buy one commodity in order to purchase another commodity. HUD argues that its regulated tying arrangement will lower prices for consumers. However, both economic theory and real world examples suggest that quite the opposite could occur.

¹ *February 20, 2004, Inside Mortgage Finance.* The top 15 retail originators, led by Wells Fargo Home Mortgage, represented 69.9 percent of the total \$1.55 trillion in production for the channel last year. In the overall market, the top 15 lenders accounted for 68.3 percent of total originations.



The United States has a long history of considering the tying together of separate products an anticompetitive practice. Under settled precedent, an arrangement can be considered unlawful tying when it involves two separate products. In *Jefferson Parish Hospital District No. 2 v. Hyde*, 466 U.S. 2 (1984), the Supreme Court ruled that anesthesiology services constituted a product separate from other services provided by a hospital. The Court explained that the key factor was "whether the arrangement links two distinct product markets that are 'distinguishable in the eyes of buyers'." Because patients understood that anesthesiology services could be purchased separately from other hospital-based amenities, the Supreme Court held that these were two separate products. *US v. Microsoft*, citing *Jefferson Parish*, Dec. 11, 1997.

Eight years later, in *Eastman Kodak Co. v. Image Technical Services*, 504 U.S. 451 (1992), The Supreme Court applied its *Jefferson Parish* criteria in considering whether service and parts for the maintenance of copier equipment constituted "separate products." For service and parts to be considered distinct products, the *Eastman Kodak* Court said that "there must be sufficient consumer demand so that it is efficient for a firm to provide service separately from parts." *Id.* at 462. That test was satisfied in *Eastman Kodak* by evidence that service and parts had been sold separately in the past and continued to be offered separately to equipment owners capable of servicing their own copiers. *Id.* at 463.

Settlement services and a mortgage loan clearly meet the test of separate products under anti-tying law. Just as lenders have expertise in those areas covered by the 800 series on the HUD-1 settlement statement, title agencies/companies and real estate brokers affiliated with them have expertise in the areas covered by the 1100-1300 series on the HUD -1 settlement statement. A consumer can separately purchase settlement services with or without a mortgage loan, just as anesthesiology services can be purchased separately from other hospital services, and copier service and parts separate from the copier. The United States most recently affirmed this position in the *Microsoft* case, where the government argued that the tying together of operating system and software "was pure bolting, which caused the very harms targeted by tying law: substantial impairment of consumer choice on the merits between [products]". Brief of the United States, *US v. Microsoft*.

The HUD plan to tie together settlement services with a mortgage loan through a lender is conceptually identical to these cases: pure "bolting", an anticompetitive practice which results in the "substantial impairment of consumer choice" between products they could otherwise choose on the merits. The only difference is that in this case, it is the government encouraging a practice deemed anticompetitive practice by the courts, the Justice Department, and the interests of public policy.

HUD's one-package approach requires consumers who want a guaranteed interest rate and origination fee to purchase settlement services from the lender, as opposed to another provider. The one package approach proposed by HUD is in effect creating a bundled sale that runs against informed consumer demand. A tie-in forces buyers to live with second best options. (see Warren Grimes, "The Antitrust Tying Law Schism," *Antitrust Law Journal*, Volume 70 Issue 1 (2002), p. 200) In contrast, the two-package approach will allow borrowers to optimize each of the two components of the package. In short, the lender controls the settlement process under a one- package approach due the inclusion of the interest rate in the package, while it is consumers

who control the settlement process under a two package approach, a more favorable outcome for the marketplace.

The government's case for creating the tie-in appears to rest on the argument that the closing process is too complex, and that consumers need the simplification offered by the one-package approach to make the best decision. As described in more detail below, this is simply not the case. Moreover, information asymmetries between the lenders and the borrower could actually lead to abusive pricing practices under the one package approach. According to Grimes:

"Information voids may undermine the discipline that would channel seller behavior in the absence of the tie. A tying seller, even if it lacks dominance in the tying market, can exploit these voids to exercise additional power over output and prices, perhaps raising the costs of rival firms or inviting them to engage in a similarly exploitative tying practice."(p. 200)

The lending industry is already moving to a highly concentrated structure with small numbers of players accounting for the vast majority of loans. By mandating a "one package" approach, HUD's regulation will only accelerate this trend and place settlement service providers at the mercy of large national banks.

A True Two-Package Model Prohibits the Tying of GSP's to GMP's

The distinction between a true two-package approach and a one-package approach is clear: the lender controls the settlement process under a one-package approach due to the inclusion of the interest rate in the package, while the consumer controls the settlement process under a two-package approach. A two-package approach prohibits a lender that offers both a GMP and a GSP from requiring a consumer to purchase its GSP in order to purchase its GMP or obtain a loan at a particular interest rate. This prohibition ensures that non-lenders can create and market settlement packages directly to the consumer. This is far different than the concept described in the proposal that permits subpackaging where the subpackager must first seek approval from the lender before marketing it to the consumer. Obviously, lenders must have some protection against poor quality packages and therefore will be granted the ability to reject a package for reasons that are reasonable and objective. However, the ability to independently package and market to consumers must be a true right and not one in name only under the guise of subpackaging. This approach will ensure that non-lenders can package and consumers will benefit from the added competition and additional choice.

(A full discussion of the anti-tying provisions is included in the NAR February 11, 2004 letter to OMB.

Lender Only Competition is Not Enough to Drive Prices Down

HUD argues that competition among lenders will drive prices down to their lowest possible level and that any savings associated with the bundling process will be passed through to consumers. However, evidence from the banking industry makes this conclusion somewhat questionable. Depositories now derive roughly 40 percent of their revenues from non-interest income, including fees on checking accounts. According to a recent survey by Bankrate.com, these fees have increased dramatically in recent years. For example, the cost of using an ATM rose from an average of 89 cents in 1998 to \$1.40 in 2003, a 57 percent increase in just five years. The average charge for a bounced check rose by about 20 percent over the same period of time.

There is no reason to assume that competitive pressures for banks to lower the prices charged for settlement services will be any different from the competitive pressures they currently face to lower fees on other consumer products. Indeed, HUD's regulation will create a new profit center for depositories that they will be eager to exploit. If consumers' experiences with their checking accounts and ATMs are any indicators, HUD's assertion that competition among lenders will lower the costs of settlement services is clearly mistaken.

The danger that HUD's proposal could have an adverse effect on competition is heightened by another pending regulatory change—the Federal Reserve's proposed rule that would permit financial holding companies to operate real estate brokerage firms. Combined, these two proposals would bring virtually every aspect of the real estate transaction under the increasing influence of large financial institutions.

The market, not the regulator, should determine the most efficient approach to delivering services. Any regulation that artificially changes the structure of an industry or encourages practices that could have an adverse impact on consumers should be viewed with caution.

The two-package approach can achieve the basic benefits sought by HUD without the negative consequences.

A two-package approach will not be overly complex.

As noted above, HUD has argued that the two-package approach will be too confusing for the borrower and will not produce the desired competitive results. However, the additional search costs associated with a two-package approach are likely to be minimal.

The process of searching for a mortgage is admittedly complex. However, most of the complexity relates to the costs of the mortgage itself. Assessing the relative attractiveness of competing mortgage offers involves complicated trade-offs between the interest rate, the up-front fee, the length of the mortgage, and the type of loan (e.g., fixed rate, one year adjustable, 5 year ARM, etc.) Indeed, the options are so numerous that only a few can be presented on a lender's web site or listed in the local newspaper, and even the most experienced borrower rarely, if ever learns them all.

In contrast, the relative costs of different settlement services packages can be compared on just one dimension: the price for each service. These prices can be readily displayed and easily understood even by an unsophisticated consumer. As a result, it is difficult to see how allowing borrowers to select their own settlement services packages would significantly add to the costs of their search. In any event, consumers unwilling to go through the trouble can always use the lender's offering instead.

HUD's apparent concern over the additional search costs of a two-package approach also fails to recognize the fact that consumers are becoming increasingly sophisticated in their ability to shop for mortgages. Indeed, refinancing a mortgage has become something of a national pastime in the past few years. According to the New York Federal Reserve, one out of every four mortgages was refinanced in 2003. What was once a rare event has become a relatively familiar one to many American households.

At the same time, the information that is available to consumers has increased dramatically. Information on both closing costs and mortgage rates can be easily obtained over the Internet, and an increasing number of consumers are using the web to comparative shop. Most major newspapers contain weekly listings of lenders' mortgage offerings, and an increasing number of settlement services providers are advertising there as well. In short, technology and market innovations are already reducing the costs of the search, and this trend will only continue.

For all of these reasons, NAR urges you to reject the HUD single package GMP model and instead consider the true two-package model that permits anyone to package including real estate brokers and non-settlement service providers. This model ensures that consumers will have many choices in the marketplace, benefiting the real estate industry through healthy and fair competition.

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Report	John Edwards Questions from Rove Briefing	4	01/22/2004	PRM;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

OA Num.:

10754

NARA Num.:

10812

FOIA IDs and Segments:

2015-0037-F

2014-0124-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM, Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Earth Day - To: Karl Rove, et al. - From: James L. Connaughton	2	02/27/2004	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

OA Num.:

10754

NARA Num.:

10812

FOIA ID and Segment:

2015-0037-F

2014-0124-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

F: Budget

R

612727

Rove, Karl C.

From: Eckert, Ellen E.
Sent: Monday, February 02, 2004 12:56 PM
Subject: Bolten budget briefing

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 2, 2004

PRESS BRIEFING
ON THE BUDGET
BY
OFFICE OF MANAGEMENT AND BUDGET DIRECTOR JOSH BOLTEN

Presidential Hall
Eisenhower Executive Office Building

10:32 A.M. EST

DIRECTOR BOLTEN: Good morning. The President's 2005 budget, which we are releasing this morning, continues to support and advance three overriding national priorities: winning the war on terror, protecting the homeland and strengthening the economy.

The President is committed to spending what is necessary to provide for our security and restraining spending elsewhere. Since September 11, 2001, more than three-quarters of the increase in the federal government's discretionary spending has been directly related to our response to the attacks, enhanced homeland security and the war on terror.

The President's 2005 budget continues this spending trend -- significant increases in essential funding for our security programs, combined with a dramatic reduction in the growth of discretionary spending unrelated to security. With Congress' help in enacting the budget we transmit today, we will be well on the path to cutting the deficit in half within five years.

We find it useful when we are talking about the budget to divide it into three categories overall. First, defense, which is the Defense Department. Second is homeland security, which is not congruent with the Department of Homeland Security, -- most of the Department's budget is in this category, but some is not. And there are a lot of other expenditures in other departments, such as Health and Human Services, Agriculture, Justice, that fall within the

homeland security category. And then third, here, is everything else -- non-defense, non-homeland spending.

The President's budget increases defense spending by 7 percent - that's the yellow 7 percent over there -- to support our men and women in uniform and transform our military to ensure America has the best trained and equipped armed forces in the world. The budget increases homeland security by nearly 10 percent, to strengthen capabilities created to prevent future attacks. And it holds the rest of discretionary spending to half of 1 percent, less than the rate of inflation, while continuing to increase funding for key priorities, such as the President's No Child Left Behind education reforms.

The President's budget is built on the sensible premise that government spending should grow no faster than the average increase in American family incomes of approximately 4 percent. This budget proposes to hold the growth in total discretionary spending to 3.9 percent, and, again, to reduce the growth in non-defense, non-homeland security spending to half of 1 percent, below the rate of inflation.

In the last budget year of the previous administration, 2001, as shown here, discretionary spending unrelated to defense or homeland security soared by 15 percent. With the adoption of President Bush's first budget, here, in 2002, the growth rate was reduced to 6 percent, then 5 percent the following year, 4 percent for the current fiscal year we're in, fiscal '04, and then in the President's 2005 proposal, to half of 1 percent.

The President's budget builds on the pro-growth economic policies that have laid the foundation for the economic recovery now underway and for sustained economic growth and job creation in the years ahead.

The President's tax cuts have been critical to achieving his priority of strengthening the economy and creating jobs. Perhaps the best timed in American history, these tax cuts deserve much credit for today's brightening economic picture. That picture includes nine consecutive quarters of positive growth through the end of 2003, the highest quarterly growth in 20 years -- that was an 8.2 percent annual rate in the third quarter of 2003 -- and the highest growth for any six month period in 20 years, as well.

The picture also includes extraordinary productivity growth, continued strength in housing starts and retail sales, and encouraging signs of renewed business investment. These indicators suggest that job growth, which typically lags recovery, should continue to strengthen in the months ahead.

The President will not be satisfied, however, until every American who wants a job can find a job. So this budget supports the President's six-point plan for economic and jobs growth, including making permanent the tax relief that has fueled our economic recovery. The sustained growth that this budget supports will be good news for our budget picture, as well. As the economy improves,

treasury revenues will, as well.

Like America, itself, the federal budget has faced extraordinary challenges in recent years: the stock market collapse that began in early 2000, a recession that was fully underway in early 2001, revelation of corporate scandals years in the making, and of course, the September 11th attacks and the ensuing war on terror.

With treasury receipts only beginning to reflect a recovering economy, and major ongoing expenditures in Iraq, Afghanistan and elsewhere in the war on terror, we still face a projected \$521 billion deficit for the 2004 fiscal year. That size deficit, at 4.5 percent of GDP, is not historically out of range. Deficits have been this large, or larger, in six of the last 25 years, including a peak of 6 percent in 1983.

Under the circumstances that created it, today's deficit is certainly understandable. But that deficit is also undesirable and unwelcome. And with Congress' help, we will bring it down. With continuation of the President's economic growth policies and sound spending restraint, as reflected in the budget we're releasing today, our projections show the deficit will be cut by more than half over the next five years.

This dramatic reduction begins in the fiscal year of this budget, 2005, for which we are projecting a deficit of \$364 billion, roughly 3 percent of GDP. That's the second green line shown on the chart there. The rapid deficit reductions continue in subsequent years, with our projections showing the deficit falling to 1.6 percent of GDP by 2009, over here. This is not only well below half its current 4.5 percent level, it's also well below the 2.2 percent average deficit during the last 40 years.

The deficit reduction you see reflected on this chart is the combined effect of economic growth and spending restraint. As the economy recovers, tax receipts as a percentage of GDP rise to historical levels by the end of the budget window, while spending restraint keeps outlays flat or slightly declining as a share of GDP.

The spending restraint reflected in the budget is not automatic, so we are also proposing new statutory budget enforcement mechanisms, establishing in law limits on both discretionary and mandatory spending, and requiring that any increase in spending be paid for by spending offsets. And the President is keeping his administration focused on what the American people care about: results.

The measure of government success is not how much we spend, but rather how much we accomplish. This budget includes a scorecard that measures the progress Agencies are making in achieving results so that the government continues to be accountable to the taxpayers.

Since President Bush took office our nation has confronted a cascading set of challenges. The President and Congress responded on all fronts, with tax relief to get the economy going, the largest reorganization of the federal government in 50 years to create a new Department of Homeland Security, and the largest increases in the

defense budget since the Reagan administration, to wage and win the war on terror.

The President's 2005 budget builds on this record of accomplishment. With renewed economic growth and the Congress' cooperation in restraining spending and focusing it on our most critical priorities, we can accomplish the great goals the President has set for the country while dramatically improving our budget situation.

I'd be pleased to take your questions.

Q A couple numbers questions, if I could, and then a broader, thematic question. Do you have a total number of programs being cut and eliminated, two categories?

DIRECTOR BOLTEN: Yes. We -- this budget shows a -- and this is for major programs, but we are proposing terminations of 65 programs, many of those have been carried in previous budgets but there are some new ones, as well. And it also proposes reductions in about 63 major programs.

Q Your receipts table was two totals, one that includes proposals assumed in the baseline -- that's your language -- one that does not. What does that mean?

DIRECTOR BOLTEN: I'm not sure. Austin, what --

MR. SMYTHE: We assume in the baseline that we used, the starting point for the budget, we assume the extension of 2001 and 2003 tax cuts. We end up at the same bottom line, regardless of what baseline we use. We also assumed and proposed the extension of those tax cuts in the President's budget.

Q Okay. One more, if I could, a broader question. The President says in almost every stump speech, I came to this office to tackle problems, not to pass them on to future generations and future presidents. With these soaring deficits, aren't we getting to the point where future generations are going to end up footing the bill here?

DIRECTOR BOLTEN: We do face long-term problems with our entitlements, and this budget is designed to address not only the short-term problems, but the long-term problems. It puts us on a responsible path in the short run. And in the longer run what we need to do is address our exploding problem with unfunded liabilities in our entitlement programs. And this budget will put us on the path to begin that process.

In the shorter run, as shown here in these figures, what the President is proposing is a budget that will dramatically reduce the deficit to a point where hopefully we will be headed shortly toward a balanced budget and will put the country in a good position to address the longer run problems that are contained in our entitlement programs and will begin to be realized when the baby boom generation starts to retire.

Q Can you explain how the White House and Congress miscalculated the true cost of the Medicare prescription drug plan?

DIRECTOR BOLTEN: There was no miscalculation. The CBO estimate for the prescription drug bill was and remains \$395 billion per year. The HHS actuaries, those over at the Department of Health and Human Services, had different estimates, they had different estimates all along, in a very technical and complicated area. And they've tried to resolve some differences but they -- some of the differences have remained, they're still working on them. And their deficit -- their projection of the cost of the Medicare bill has come out to be higher. But there has been no miscalculation about those numbers. There's a disagreement between actuaries about it. Now what's important is, that as the legislation is being done, there's only one scorecard, and that's the CBO scorecard. This happens pretty often.

In tax legislation, for example, when we were doing the '03 tax cuts, the legislation required that the tax cut be limited to \$350 billion. That's by CBO scoring. Treasury scoring, as it turned out, was different. It was about \$60 billion less for the tax cuts that were actually enacted. But what counts is the \$350 billion for the tax cut that was made in '03. And that's what the members were voting on. So it's very common for there to be differences. This was an unusually large difference, but it's one in a very complicated area, where there are wide differences of opinion about assumptions and about some of the new programs going forward, because they especially involve a lot of private sector participation.

Q Can you describe what the wide differences of opinion are, in terms of how many people are joining up --

DIRECTOR BOLTEN: Well, I'll have to direct you to HHS and the other experts on what the precise differences were. I understand that some of the differences included different estimates about how quickly the volume-buying discounts would kick in for prescription drug purchases, there were different assumptions about how widespread participation would be, both by individuals and by private plans.

Very technical stuff, very difficult to predict. So it's not surprising that there were differences. The important part is that CBO has made an estimate. As recently as last week the CBO director stood by that estimate. That's what the members were voting on when the administration was calling for a \$400 billion bill. We were calling for a bill that met CBO requirements, and that there is a difference with the HHS actuaries is not surprising and shouldn't change anybody's view of the overall Medicare bill.

Q When the President makes the pledge to cut the deficit in half, can you clarify, is he talking about a percentage of GDP or constant dollars? And when does the clock start, because cutting it in half after \$500 billion is different than \$375 billion.

DIRECTOR BOLTEN: The deficit we're cutting in half -- that the President has set the goal of cutting in half -- is the '04 deficit, the peak deficit, which we project at \$521 billion, which is about

4.5 percent of GDP. When we talk about it, we're talking about it as a percent of GDP, because that's the way the economists look at it. The nominal number isn't the important number, as far as the economy is concerned. What's important about a deficit is, what is its size in relation to the overall economy, what is its tendency to soak up capital that would otherwise be used in the private sector.

So economists tell you that the right and the relevant way to look at a deficit is as a percent of GDP, as we do in this chart. Now, for those who want to look at nominal numbers, the path we -- that is projected in our budget, you'll see in the numbers, also shows that we're cutting it in half by that measure, as well. So you can pick your measure. The economists will tell you this is the right measure. The President's plan puts us on a path to cut the deficit in half, either way.

Q Along the same lines, two questions about the deficit. Why do you keep talking about 2009, when the chart shows you cut the deficit in half by 2006? And if you extended this chart out for another five years, what would it look like?

DIRECTOR BOLTEN: Taking the latter part first, we do five-year budgeting, so we don't have this chart going out another five years. I know CBO does 10-year estimates. But as we present budgets, we do it on a five-year basis, so I don't have numbers for you on what happens in the subsequent five years. But my expectation is that we would have a continuing trend of bringing these deficit numbers down.

As to why we focus on 2009, rather than 2006, we're being conservative. The budget window is a five-year window; the President has spoken about cutting the deficit in half within five years, and we want to be sure it's a realistic goal that is well met. And as you can see from these numbers, it is well met.

Q I know you just said that you think that if you had extended that out, that the trend would continue. The Congressional Budget Office shows -- says that if you make the tax cuts permanent, actually the trend would reverse and we'd start seeing larger deficits. I'm curious why you think you shouldn't budget beyond five years, but you should be making policy prescriptions out well beyond five years -- in 2011, President Bush won't even be President, even if he is reelected.

DIRECTOR BOLTEN: Well, the policies that are good policies are policies that ought to persist. And that applies especially to our tax code, on which people use to plan to make their investments. So it makes sense to put policies like the tax cuts that the President has proposed, put them in place permanently.

Five-year budgeting we've moved to because that's a rational period within which to view the budget. The budget estimators have very difficult jobs and they've -- but whether you're at OMB or CBO or Treasury, or wherever you are, the track record is not exactly perfect. The average miscalculation on a one-year basis, like trying to calculate for the year ahead, I think over recent years has been about \$100 billion. On a five-year basis, it's been over \$200

billion, and it gets much bigger as you go into the out-years. CBO has an interesting chart on that. So we're trying to do our budget calculations in a range where we feel we can be most confident and still do serious planning.

Q Are you hinging your ability to achieve this five-year deficit reduction goal on this budget enforcement mechanism that you're proposing? I mean, if this spending limit isn't set in law, will you be able to reach your goal?

DIRECTOR BOLTEN: The question relates to whether we can reach our goal if the budget enforcement mechanisms that we will be proposing are not adopted. Well, first of all, we're very hopeful that they will be adopted. I was up with a lot of the Republican members at their retreat at the end of this past week, and there was a great deal of support for the reinstatement of statutory budget enforcement mechanisms on the Hill.

But the answer to your question is, no, our projections are -- we will be able to show cutting the deficit in half, even if those mechanisms are not in place. Those mechanisms just make it easier to hit the path we're talking about, because they help the administration and the Congress enforce the discipline that these budgets propose.

Q Following that, will the pay-as-you-go provisions apply to all spending, or is it just non-defense, non-homeland related discretionary spending? And how important is it that OMB recommend a veto of spending bills that don't include those offsets?

DIRECTOR BOLTEN: With respect to the budget enforcement mechanisms, we'll be proposing caps on discretionary spending, and they will apply to all discretionary spending. That includes defense, homeland, and non-defense, non-homeland, together. And we will be proposing for mandatory spending -- that's where the phrase "pay-go" comes in, and pay-go means that all mandatory spending increases must be offset with mandatory spending cuts. So that's how that mechanism will work.

And the second part of your question?

Q Will OMB recommend vetoes to spending bills that don't include offsets?

DIRECTOR BOLTEN: It's early to speculate about vetoes that may or may not be in the offing for legislation that's still being cooked, but -- in fact, it's just beginning to enter the kitchen -- but we do expect to take a firm line on overall spending limits. We took one last year; we were well-supported by the leadership in both the House and the Senate, and the leadership of the Budget and Appropriate Committees. The President made it -- made an agreement with the leadership in both Houses on what the limits of spending would be. And the Congress, in the end, lived up to those limits.

We expect to be as tight or even tighter this year, and we expect to have good cooperation from the leadership again that should

make any sort of veto threats unnecessary.

Q Unless I missed something, you haven't made any provision in this for any supplemental for Iraq, in the '05 fiscal year. Are you anticipating having one at some point during the '05 year? And can you give us some sense of how that money in the existing supplemental is being spent out and when you expect to run out of money?

DIRECTOR BOLTEN: Thank you for raising that. This is an important point. In '05, we are projecting a \$364 billion deficit, about 3 percent of GDP. That's the budget we are presenting today. But that number does not include -- and we've been very explicit about that in the documents that you are getting today -- that number does not include spending for our ongoing operations in Iraq and Afghanistan. So we will need supplemental funding to continue that.

The Iraq reconstruction money that the Congress adopted this past fall is -- goes well beyond '04, through '05 at least, so we don't expect to need to come back to ask for any additional reconstruction money for Iraq. But to support the troops on the ground, the incremental cost to the military of actually conducting the ongoing war on terror in Iraq and Afghanistan is something that we will need to request supplemental money for.

You asked about what's our current spend rate, roughly. Right now in Iraq and Afghanistan we are projecting outlays in '04 that are well below \$50 billion for the ongoing operations in Iraq and Afghanistan. So that -- I think you should regard that as kind of the upper limit for what might be needed in '05. Hopefully, the needs will be less, but it will all depend entirely on the security situation. And the uncertainty of the security situation is one of the reasons why we need to wait and request that supplemental at a time when the security situation is clear.

Do you want to follow up?

Q More generally, your deficit path here assumes very tight limits on spending. This year in particular, it's an election year, you're asking both parties on the Hill to vote on very, very painful budget cuts in a lot of domestic programs. You're not including things like AMT and other provisions that have wide bipartisan support that would extend out through the five year period and into the next 10 years.

How realistic should we consider these numbers, given the lack of provision for those things in these numbers?

DIRECTOR BOLTEN: The numbers are highly realistic. The estimates we've got here include permanent extension of the President's tax cuts. So that's all baked in. It includes the higher Medicare estimates that was asked about previously. And it includes, I think, almost all of the provisions we need to make for a realistic budget, with the exception of, in the short run, the costs for the Iraq and Afghanistan war. That's the one area where, I think, you need to add numbers to the budget -- but I think those are

costs that are likely to be reflected in the early years of this five-year path, and costs beyond that I think are likely to be worked into the base.

Q So when do you anticipate asking for the supplemental from Congress?

DIRECTOR BOLTEN: We do not anticipate requesting supplemental funding during '04. This would be '05 supplemental funding, which we are planning to request in '05, when there is a clearer picture of what the security needs will be.

Q And just a general question. On what basis are the 63 -- 65 programs eliminated? What was the --

DIRECTOR BOLTEN: A variety of -- the question was, what basis was used to decide on which programs to eliminate or reduce.

There were a variety of bases, in some cases we say, mission accomplished, that this was intended to be a short-term program, it's done its job. In other cases we say, this is a program that is duplicative of other programs that we have in place -- especially when we have new and better programs to deal with the same subject matter. And in some cases, it's because the program is not showing the results it should be showing.

The President is focused consistently on results, his administration is focused on results, the budget is focused on results. If a program isn't delivering results for the American people, we're going to be proposing to either fix it or take it out of the budget.

Q Do you have any prepared estimates on aid to state and local governments? And how do you respond to the criticism from state officials that your budget cuts are effectively shifting budget deficits onto them, as well?

DIRECTOR BOLTEN: The question is about state and local governments. This budget continues to fund robustly those programs where we're working with state and local governments in areas that -- where we see those programs are working. There's a great deal of money that flows out now from the federal government to state and local governments. In some cases, that's being cut, where we need to tighten our belts, just as the state governments need to tighten their belts. But in other cases, it's being sustained and even added on to -- for example, in the area of education, where we are still flowing a great deal of money out to the localities, to public education in states all across the country to support the President's No Child Left Behind initiative.

This budget, while it's very restrained in the domestic non-security area, it does still include increases for some of the top priorities areas. That includes education. And you will see when you look at the total budget numbers, you will see that for K through 12 education, all across the country, the President's budget has increases again this year, for a total increase between '01 and '05

of nearly 50 percent. That's how much the K through 12 budget is up in the education area over the course of the Bush administration.

Similarly, increase in IDEA funding, up another billion dollars this year -- IDEA is the program for special needs students -- up another billion dollars this year, for a total increase over the course of this administration of 75 percent.

So where there are priority needs, the President's budget will reflect those. For items that fall lower on the priority list, or are not showing results, there will be cuts in this budget.

Q Is it your hope that future supplementals, like the Iraq -- will be offset by spending cuts?

DIRECTOR BOLTEN: It's rarely possible -- the question was, is it our hope that supplementals be offset by spending cuts. It's rarely possible when you have a real emergency to produce appropriate spending cuts that can offset something like a war. So, of course, we're always looking for spending cuts to offset additions to spending. But when you're fighting a war, it's hard to come up with cuts that can match that.

Q What percentage of that deficit reduction do you expect to be obtained through spending restraint or spending cuts?

DIRECTOR BOLTEN: It's hard -- it's kind of hard to separate it out what element is spending restraint, what element is economic growth. They both work together in an inextricably intertwined way so that the synergy of the two things, spending restraint and continued strong economic growth, in part through the continuation of the tax cuts, those are the two elements that combine most potently to bring our deficit path down, as it is.

Q If the transportation bill passes in anything like the House or Senate form, what will that do to your numbers? And given the difference between what you're asking for and what they're proposing, would you recommend a veto?

DIRECTOR BOLTEN: I don't want to be -- it's not my place to be putting out veto threats from the administration, or so on. But what we are carrying in the budget for transportation, for highways and mass transit, is a budget of \$256 billion over six years. That's what we believe can -- at a minimum, can legitimately be taken from the Highway Trust Fund, and that six-year, \$256-billion total is an increase over the last six-year total of 21 percent. So we are proposing a significant increase.

There are proposals on the Hill that go well beyond that; in some cases, more than \$100 billion over the six-year period more than the administration's proposal. Those would jeopardize -- I don't think they would eliminate the prospect of cutting the deficit in half in that five-year period, but measures like that will jeopardize the goal. And that's why I expect the administration will be taking a firm line to keep that cost down.

Q On the retirement savings accounts, the lifetime savings accounts, and so forth, how hard is the administration going to push that? It wasn't mentioned in the State of the Union, as I recall, at least not specifically. And what kind of support do you have lined up on the Hill to move this?

DIRECTOR BOLTEN: The question is about LSAs and RSAs, lifetime savings account, retirement savings accounts, which were carried in last year's budget. They are being repeated in this year's budget. I think the President actually alluded to it in the State of the Union. I know it's always a disappointment when things aren't mentioned in the State of the Union, whatever your favorite project might be, but particularly for this President, the State of the Union addresses have tended to be more thematic, rather than list-oriented. So no one should draw any negative inference if your favorite project was -- or favorite subject matter was not mentioned in the State of the Union.

It does remain a priority for the administration, the enactment of the LSAs and RSAs. I know Secretary Snow has that, along with the tax cuts, making sure the tax cuts are sustained, at the top of his priority list for this session of Congress. And there is support, I know -- and some bipartisan support, as well. I know Congressmen Portman and Cardin, who have been leaders in this area in the past, remain interested in the proposals that the administration is putting out. I don't know if they're entirely on board exactly where we are, but I think there is a good prospect to move some serious legislation in this session.

Q Can I follow up? A larger question. You said that with Congress' help you'll be able to cut the deficit in half, which is a big caveat. What are the consequences of Congress not enacting this budget?

DIRECTOR BOLTEN: Well, the President proposes, the Congress disposes. They have the constitutional power to deal -- to dispose of what the final appropriations -- what the budget numbers are, and what the appropriations are. So it's a constitutional tautology to say we do this with Congress' help.

There's been good leadership there so far, and I think the leadership will be strong. They were this past year, and every indication is that they will again this year be strong in helping bring about a budget and appropriations that are, if not exactly congruent with the President's budget, at least in the same direction.

There are a number of people on the Hill -- and this came through loud and clear in the sessions I attended with Republican members in Philadelphia last week -- there are a number of members on the Hill who want to take the budget even a little bit tighter, in some cases a lot tighter. So there are different strains on the Hill.

We think we're setting a responsible path here toward getting that deficit cut in half over the next five years, and we're looking

forward to working with the Congress, which I think will be receptive to this kind of budget.

Q Can I ask a question about the political calculations of this budget in an election year, a bit about guns and butter, I guess. What does the President say are his priorities? This is the most meaningful statement, I guess, he makes on his priorities this year, and he seems to be investing heavily in the military and security and asking for the American people to accept domestic sacrifices in return. Is that the nature and the tenor of his presidency?

DIRECTOR BOLTEN: This budget does robustly support the priorities that the President has set: defense, national security and protecting the homeland. The budget also supports robust economic growth, because that is the most important thing that any domestic side of the budget can do for the American people today. The most important thing we can do to get job growth back into this economy and to continue a path of prosperity is to keep economic growth going. So with the continuation of the tax cuts that so far have, in most economists' views, been extraordinarily effective in helping to restore economic growth, continuation of those tax cuts is a very important element of the President's program.

So the message is not far from what you say. It's national security, it's homeland security and it's restoring sustained economic growth.

Now, on other parts of the budget, there will have to be belt-tightening. I don't know whether you want to call it, sacrifice across the board, but there will have to be belt tightening in a number of areas. But there is still room in this budget, which is tight in that third category I mentioned, of non-defense, non-homeland, there is still plenty of room in that budget to fund priorities. And education is a very good example of the one I just mentioned. There is room in that budget to still robustly fund our education priorities and make sure that the vision of the No Child Left Behind Act is realized.

Q What are the proposed federal civilian and military pay raises and the philosophy behind them?

DIRECTOR BOLTEN: I hope I get this right, from memory. The question is, what are the proposed civilian and military pay raises. The military pay raise, I recall, is 3.5 percent, and the civilian is set at 1.7 percent, if I recall that right.

MR. SMYTHE: One point. five

DIRECTOR BOLTEN: Is 1.5 percent on the civilian side. But on the civilian side, there is also a fund set aside called the Human Capital Performance Fund. We're proposing \$300 million in that fund, which can be used to support merit increases to give pay for performance in government, which is done all over private sector -- we'd would like to see it done in government.

So that money, in addition to the 1.5 percent increase, will be available for civilian employees.

Q Last year, you proposed \$500 million in the Human Capital Performance Fund. By the time it passed, it was \$500,000. What are you going to do to make sure this gets to --

DIRECTOR BOLTEN: I think we've got a -- we've got a good story to tell on the Human Capital Performance Fund. As I said, that's the way businesses all across the country, probably your business, as well, that your pay is tied, in some sense, to performance. I see heads shaking here. (Laughter.) I guess maybe journalism doesn't apply. (Laughter.)

Q Exactly. (Laughter.)

DIRECTOR BOLTEN: A typical feature in most businesses is you pay people more who are performing well. We should not have a civil service system where everybody just gets a big, or even moderately sized, automatic increase. We need to make sure that the people get the increases they need to keep pace with inflation, to keep the family income relatively stable.

But beyond that, what we need to be looking for is to reward the many government employees and, I know from firsthand experience, there are a lot of them who are working real hard, performing terrifically, and deserve that extra -- extra reflection in their paycheck for that good performance.

Q What is your rate of inflation that you're figuring for the next fiscal year?

DIRECTOR BOLTEN: For '05, we are projecting an inflation rate of 1.3 percent. Is that the number you're looking for?

Q Yes. What about this year, '04?

DIRECTOR BOLTEN: I believe it's 1.2 percent. Austin, check me on that. We'll come back to you and confirm that. I think it's 1.2 percent, 1.3 percent. What we see is -- our economists see continuing moderate inflation in the immediate term, and then inflation rising slowly, not as a result of these deficits, because we see the deficits coming down and putting less potential pressure on interest rates, but, rather, as a result of more robust growth in the economy. But, still, interest rates look to be on a very moderate path, and this budget supports that.

MR. SMYTHE: One point two percent is correct.

DIRECTOR BOLTEN: One point two percent is correct.

Q Do your budget proposals include the President's proposals for reforming Social Security? Do the projections include this?

DIRECTOR BOLTEN: The question is, does the budget reflect the President's proposal for reform of Social Security? The answer is

that there's no formal proposal carried in this budget. The President has long advocated fundamental reform of our Social Security system, to put it on a sound and sustainable basis, through the use of personal accounts, which numerous experts agree is the right way to go. Those experts include the Bipartisan Commission -- that was co-chaired by the late, great Senator Patrick Moynihan -- that concluded that the right way to go with our Social Security system is to let people take a portion of their contribution into Social Security and invest it themselves, a portion of their retirement savings that they would own themselves and have some ability to direct what sort of funds it goes into.

That's the direction we're headed on Social Security. For an actual proposal, I think, will be -- is not reflected in this budget, will be forthcoming. But I think it's a subject of such great sensitivity and broad political interests, that we need to get the political debate going on it before there's an actual legislative proposal sent up to the Hill.

Want to follow up?

Q But given that those could cost more in the short-term, could you still reach your goal on having the budget deficits?

DIRECTOR BOLTEN: Yes, I believe we can. There are, in most of the formulations of these plans to give people personal accounts, there are transition costs. But I believe we can accommodate whatever transition costs there might be and still reach our deficit goals.

Q Just go back to the Medicare topic. You mentioned several times that it's no surprise that OMB has different numbers than the CBO, and that this is the way actuaries work. The President, on Friday, said that he learned two weeks ago, Secretary Snow made the announcement he only learned a week ago. What do you say to those lawmakers that say the administration is being disingenuous when they were promoting the \$400 billion CBO number, and say, basically, they say we got duped?

DIRECTOR BOLTEN: The numbers that the -- HHS actuaries -- it's over at the Health and Human Services that the actuarial work is done -- the numbers that they produced, in fact, were only available, I think, maybe three weeks ago at the most -- three or four weeks ago at the most. I don't know exactly when they finished, but it was well after enactment of the bill.

So when Secretary Snow says, only learned about their estimate last week, that's true. They don't -- they didn't actually put out a formal estimate. When I say that there's no surprise that there's a difference in actuarial assumptions, that's true all the time between CBO and administration actuaries. And those who are experts in the Medicare legislation were aware that there were -- that the actuaries disagreed on some fundamental assumptions that could have substantial differential effects on how the numbers came out.

Q Right, but last summer, HHS had earlier draft estimates of

different legislation -- admittedly, it's not the exact legislation -
- but it put it at \$551 billion.

DIRECTOR BOLTEN: Yes, and it was -- it was actually largely different legislation. Look, these numbers were moving around all the way through the course of the legislation. The numbers moved, I think, a good 10 percent in the last few hours, even by CBO's reckoning of this. So the fact that there are differences is not unusual in this area. And I go back to a fundamental point, which is that when legislation is being considered, regardless of what actuaries within the administration are calculating, or what their differences might be, it's the CBO number that counts, it's the CBO number that counts when the legislation is adopted, it's the CBO number that was recently reaffirmed. And by the way, when we send this budget up today, as we have just done this morning, what's going on right now is that CBO will be recalculating our proposals on their basis. And when the Congress considers our budget, it will be considered based on CBO calculations, not administration calculations.

Q I'd like to follow. Going back to Iraq and Afghanistan. You said there's no money for ongoing operations for Iraq and Afghanistan, and it's going to be in the supplemental.

DIRECTOR BOLTEN: Yes.

Q And in response to another question, you said the supplemental will not carry mandatory spending cuts or offsets. You say we could use a maximum of \$50 million as a ceiling, based on past experience. If that's all accurate, how can you call this an honest budget?

DIRECTOR BOLTEN: The question confuses me. The budget we're presenting today is one that is, from my perspective, completely honest. And we've been direct, right on the cover of it. And I was direct in answering the question to say that one item that is not included in here in the '05 number is an additional number for Iraq and Afghanistan, ongoing operations to fight the war on terror. And it's not appropriate to put a number in there, because we don't know what it's going to be. It's going to be requested in supplemental funding.

Now, how does that affect the -- if you're saying, how can we say we're still on a reasonable path here, I think what you have to expect is that in '05 that that green line might be a little bit longer, and it may be that our current expenditures pose an upper limit on it. I don't know, but I would hope that we would be spending substantially less than we are today, but we don't know.

But I would also expect that by the time we got out here, into '08 or '09 on the budget, that we would no longer be needing supplemental expenditures in Iraq and Afghanistan, that whatever our ongoing needs there were, they would be worked back into the Defense base. So while we're being very direct in saying in that early year, in '05, something like that, you're going to see a slightly larger deficit than is shown on this chart, because we need to factor in

Iraq and Afghanistan, I don't think it affects, substantially, the long-term projections. And I think those will stand on their own merits.

Q David Walker, the head of the GAO, often makes speeches where he's far more alarmist about the budget deficit than you seem to be today. Is he simply wrong, or does he see something you don't see? Why is it that the GAO seems to be so much more concerned than this budget suggests?

DIRECTOR BOLTEN: We do need to be concerned about the long-term picture. And I'm assuming that that's mostly what he's referring to. I think the budget path we're presenting here, out over the next five years, extending probably into the next 10-year period, is a responsible budget path. It's tight, but it's appropriate, and it meets our priorities.

Now, we do still face long-term problems with unfunded liabilities in our major entitlements, principally Social Security and Medicare. The Medicare bill that was just enacted, although it has larger short-term costs, I believe puts us on a path toward ultimately getting those costs under control, because it brings competition and choice into a system that has not had it before, which should bring not only better care, but care delivered more efficiently. So in the long-run, I think the Medicare bill that was recently adopted actually begins to put us on a path of bringing the Medicare system within better -- in a better fiscal situation.

Social Security I just talked about, that that system needs fundamental reform to put it on a sustainable basis. It's not something that's going to bite us in the next 10 years, but it is something that's going to begin to bite in the longer-term. I'm glad to know that a lot of people are talking about it, because this administration is keenly focused on it. We'd like to talk about it, because we need to get those long-term entitlements under control. The budget we're presenting today is focused on this five-year window and shows a very responsible path.

Q On cutting the deficit in half, the current CBO numbers show that by '09 it would be \$268 billion, which is virtually in half. So what are you doing here that wouldn't have already been happening?

DIRECTOR BOLTEN: You mean the CBO numbers?

Q Yes.

DIRECTOR BOLTEN: The CBO numbers, by law, they're required to make some assumptions that in many cases are not particularly realistic. The CBO numbers do not include the permanence of the tax cuts, which we are confident we will be able to achieve, because we think that the majority of the members of Congress will realize that the exact wrong thing to do at this moment in our economy is to plan on a tax increase, which would choke off recovery and make our deficit situation look a lot less attractive in the long run than it now is. And CBO is also required to assume that whatever

supplemental spending we're making continues out indefinitely. So they take the \$87 billion supplemental spending bill that the Congress passed this past fall and they say, it continues indefinitely. And that's not a realistic place to be.

Now the fact that they've arrived at a similar place in '09 suggests that we're operating in roughly the same range of economic assumptions, which are the most important elements in improving our deficit situation. But it's not something that happens automatically. It needs to happen with a strong pro-growth economic policies and with some spending restraint of the kind that's reflected in the President's budget.

Q At the time the Congress passed the Medicare bill, was there an estimate by the Medicare actuaries that indicated that it would be more than \$400 billion, at that time?

DIRECTOR BOLTEN: I don't believe they completed their estimate until well after the Medicare bill was actually signed into law.

Q On the 65 programs, what's the savings on that in total, the ones that have been eliminated?

DIRECTOR BOLTEN: We do have a number on that, and --

Q The ones that are eliminated, 65 of them have been --

DIRECTOR BOLTEN: Yes, 65 terminations. There is a number associated with that. It looks like there's a lot of interest in it, so let's get it right.

MR. SMYTHE: It's \$4.9 billion.

DIRECTOR BOLTEN: Four point nine billion. So there's a savings associated of \$4.9 billion from the terminations of those programs.

Q One year?

DIRECTOR BOLTEN: Yes, one year savings.

END

11:21

A.M. EST

DEMOCRATIC REALISM: An American Foreign Policy for a Unipolar World*Charles Krauthammer**Irving Kristol Lecture**AEI Annual Dinner, Washington, D.C., February 10, 2004*

Thank you, Mr. Vice President. Thank you for those kind words. I'm honored by your presence here—especially during duck-hunting season. And, as a citizen, I want to thank you not only for your leadership and wisdom during these extraordinary times, but for your courage: If Hamlet had borne half the slings-and-arrows you have, Mr. Vice President, it would've been a very short play.

Hearing my checkered past recalled, I'm struck by how many places I have fled: Canada, the Democratic Party, and psychiatry. A trifecta of sorts. The reason I'm here, ladies and gentlemen, is that I have nowhere left to go.

I want to thank Chris DeMuth, Jim Wilson and the AEI Council of Academic Advisers for thinking otherwise, and bestowing on me this great honor—particularly one that carries the name of my dear and revered friend, Irving Kristol.

A Unipolar World

Americans have an healthy aversion to foreign policy. It stems from a sense of thrift: Who needs it? We're protected by two great oceans, we have this continent practically to ourselves and we share it with just two neighbors, both friendly, one so friendly that its people seem intent upon moving in with us.

It took three giants of the twentieth century to drag us into its great battles: Wilson into World War I, Roosevelt into World War II, Truman into the Cold War. And then it ended with one of the great anti-climaxes in history. Without a shot fired, without a revolution, without so much as a press release, the Soviet Union simply gave up and disappeared.

It was the end of everything—the end of communism, of socialism, of the Cold War, of the European wars. It was the end of the Russian empire, an empire that grew by swallowing the equivalent of a Belgium every year for 200 years. (Though, given how Brussels has behaved recently, overall not a bad idea.)

But the end of everything was also a beginning. On December 26, 1991, the Soviet Union died and something new was born, something utterly new—a unipolar world dominated by a single superpower unchecked by any rival and with decisive reach in every corner of the globe.

This is a staggering new development in history, not seen since the fall of Rome. It is so new, so strange, that we have no idea how to deal with it. Our first reaction—the 1990s—was utter confusion. The next reaction was awe. When Paul Kennedy, who had once popularized the idea of American decline, saw what America did in the Afghan war—a display of fully mobilized, furiously concentrated unipolar power at a distance of 8,000 miles—he not only recanted, he stood in wonder: “Nothing has ever existed like this disparity of power,” he wrote, “nothing. . . . No other nation comes close. . . . Charlemagne's empire was merely western European in its reach. The Roman empire stretched farther afield, but there was another great empire in Persia, and a larger one in China. There is, therefore, no comparison.”

Even Rome is no model for what America is today. First, because we do not have the imperial culture of Rome. We are an Athenian republic, even more republican and infinitely more democratic than Athens. And this American Republic has acquired the largest seeming empire in the history of the world—acquired it in a fit of absent-mindedness greater even than Britain's. And it was not just absent-mindedness; it was sheer inadvertence. We got here because of Europe's suicide in the world wars of the twentieth century, and then the death of its Eurasian successor, Soviet Russia, for having

adopted a political and economic system so inhuman that, like a genetically defective organism, it simply expired in its sleep. Leaving us with global dominion.

Second, we are unlike Rome, unlike Britain and France and Spain and the other classical empires of modern times, in that *we do not hunger for territory*. The use of the word “empire” in the American context is ridiculous. It is absurd to apply the word to a people whose first instinct upon arriving on anyone’s soil is to demand an *exit* strategy. I can assure you that when the Romans went into Gaul and the British into India, they were not looking for exit strategies. They were looking for *entry* strategies.

In David Lean’s *Lawrence of Arabia*, King Faisal says to Lawrence: “I think you are another of these desert-loving English. . . . The English have a great hunger for desolate places.” Indeed, for five centuries, the Europeans did hunger for deserts and jungles and oceans and new continents.

Americans do not. We like it here. We like our McDonalds. We like our football. We like our rock-and-roll. Until 10 days ago, we liked our halftime shows. We’ve got the Grand Canyon and Graceland. We’ve got Silicon Valley and South Beach. We’ve got everything. And if that’s not enough, we’ve got Vegas—which is a facsimile of everything. What could we possibly need anywhere else? We don’t like exotic climates. We don’t like exotic languages—lots of declensions and moods. We don’t even know what a mood is. We like Iowa corn and New York hot dogs, and if we want Chinese or Indian or Italian, we go to the food court. We don’t send the Marines for takeout.

That’s because we are not an imperial power. We are a commercial republic. We don’t take food; we trade for it. Which makes us something unique in history, an anomaly, a hybrid: a commercial republic with overwhelming global power. A commercial republic that, by pure accident of history, has been designated custodian of the international system. The eyes of every supplicant from East Timor to Afghanistan, from Iraq to Liberia; Arab and Israeli, Irish and British, North and South Korean are upon us.

That is who we are. That is where we are.

Now the question is: What do we do? What is a unipolar power to do?

Isolationism

The oldest and most venerable answer is to hoard that power and retreat. This is known as isolationism. Of all the foreign policy schools in America, it has the oldest pedigree, not surprising in the only great power in history to be isolated by two vast oceans.

Isolationism originally sprang from a view of America as spiritually superior to the Old World. We were too good to be corrupted by its low intrigues, entangled by its cynical alliances.

Today, however, isolationism is an ideology of fear. Fear of trade. Fear of immigrants. Fear of the Other. Isolationists want to cut off trade and immigration, and withdraw from our military and strategic commitments around the world. Even isolationists, of course, did not oppose the war in Afghanistan, because it was so obviously an act of self-defense—only a fool or a knave or a Susan Sontag could oppose that. But anything beyond that, isolationists oppose. They are for a radical retrenchment of American power—for pulling up the drawbridge to Fortress America.

Isolationism is an important school of thought historically, but not today. Not just because of its brutal intellectual reductionism, but because it is so obviously inappropriate to the world of today—a world of export-driven economies, of massive population flows, and of 9/11, the definitive demonstration that the combination of modern technology and transnational primitivism has erased the barrier between “over there” and over here.

Classical isolationism is not just intellectually obsolete; it is politically bankrupt as well. Four years ago, its most public advocate, Pat Buchanan, ran for president of the United States, and carried Palm Beach. By accident.

Classic isolationism is moribund and marginalized. Who then rules America?

Liberal Internationalism

In the 1990s, it was liberal internationalism. Liberal internationalism is the foreign policy of the Democratic Party and the religion of the foreign policy elite. It has a peculiar history. It traces its pedigree to Woodrow Wilson's utopianism, Harry Truman's anticommunism, and John Kennedy's militant universalism. But after the Vietnam War, it was transmuted into an ideology of passivity, acquiescence and almost reflexive anti-interventionism.

Liberals today proudly take credit for Truman's and Kennedy's roles in containing communism, but they prefer to forget that, for the last half of the Cold War, liberals used "cold warrior" as an epithet. In the early 1980s, they gave us the nuclear freeze movement, a form of unilateral disarmament in the face of Soviet nuclear advances. Today, John Kerry boasts of opposing, during the 1980s, what he calls Ronald Reagan's "illegal war in Central America"—and oppose he did what was, in fact, an indigenous anticommunist rebellion that ultimately succeeded in bringing down Sandinista rule and ushering in democracy in all of Central America.

That boast reminds us how militant was liberal passivity in the last half of the Cold War. But that passivity outlived the Cold War. When Kuwait was invaded, the question was: Should the United States go to war to prevent the Persian Gulf from falling into hostile hands? The Democratic Party joined the Buchananite isolationists in saying No. The Democrats voted No overwhelmingly—two to one in the House, more than four to one in the Senate.

And yet, quite astonishingly, when liberal internationalism came to power just two years later in the form of the Clinton administration, it turned almost hyperinterventionist. It involved us four times in military action: deepening intervention in Somalia, invading Haiti, bombing Bosnia, and finally going to war over Kosovo.

How to explain the amazing transmutation of Cold War and Gulf War doves into Haiti and Balkan hawks? The crucial and obvious difference is this: Haiti, Bosnia and Kosovo were humanitarian ventures—fights for right and good, *devoid of raw national interest*. And only humanitarian interventionism—disinterested interventionism devoid of national interest—is morally pristine enough to justify the use of force. The history of the 1990s refutes the lazy notion that liberals have an aversion to the use of force. They do not. They have an aversion to using force for reasons of pure national interest.

And by national interest I do not mean simple self-defense. Everyone believes in self-defense, as in Afghanistan. I am talking about national interest as defined by a Great Power: shaping the international environment by projecting power abroad to secure economic, political, and strategic goods. Intervening militarily for *that* kind of national interest, liberal internationalism finds unholy and unsupportable. It sees that kind of national interest as merely self-interest writ large, in effect, a form of grand national selfishness. Hence Kuwait, no; Kosovo, yes.

The other defining feature of the Clinton foreign policy was multilateralism, which expressed itself in a mania for treaties. The Clinton administration negotiated a dizzying succession of parchment promises on bioweapons, chemical weapons, nuclear testing, carbon emissions, anti-ballistic missiles, etc.

Why? No sentient being could believe that, say, the chemical or biological weapons treaties were anything more than transparently useless. Senator Joseph Biden once defended the Chemical Weapons Convention, which even its proponents admitted was unenforceable, on the grounds that it would "provide us with a valuable tool"—the "moral suasion of the entire international community."

Moral suasion? Was it moral suasion that made Qaddafi see the wisdom of giving up his weapons of mass destruction? Or Iran agree for the first time to spot nuclear inspections? It was the suasion of the bayonet. It was the ignominious fall of Saddam—and the desire of interested spectators

not to be next on the list. The whole point of this treaty was to keep *rogue states* from developing chemical weapons. Rogue states are, by definition, impervious to moral suasion.

Moral suasion is a farce. Why then this obsession with conventions, protocols, legalisms? Their obvious net effect is to temper American power. Who, after all, was really going to be most constrained by these treaties? The ABM amendments were aimed squarely at American advances and strategic defenses, not at Russia, which lags hopelessly behind. The Kyoto Protocol exempted India and China. The nuclear test ban would have seriously degraded the American nuclear arsenal. And the landmine treaty (which the Clinton administration spent months negotiating but, in the end, met so much Pentagon resistance that even Clinton could not initial it) would have had a devastating impact on U.S. conventional forces, particularly at the DMZ in Korea.

But that, you see, is the whole point of the multilateral enterprise: To reduce American freedom of action by making it subservient to, dependent on, constricted by the will—and interests—of other nations. To tie down Gulliver with a thousand strings. To domesticate the most undomesticated, most outsized, national interest on the planet—ours.

Today, multilateralism remains the overriding theme of liberal internationalism. When *in* power in the 1990s, multilateralism expressed itself as a mania for treaties. When *out* of power in this decade, multilateralism manifests itself in the slavish pursuit of “international legitimacy”—and opposition to any American action undertaken without universal foreign blessing.

Which is why the Democratic critique of the war in Iraq is so peculiarly one of process and not of policy. The problem was that we did not have the permission of the UN; we did not have a large enough coalition; we did not have a second Security Council resolution. Kofi Annan was unhappy and the French were cross.

The Democratic presidential candidates all say that we should have internationalized the conflict, brought in the UN, enlisted the allies. Why? Two reasons: assistance and legitimacy. First, they say, we could have used these other countries to help us in the reconstruction.

This is rich. Everyone would like to have more help in reconstruction. It would be lovely to have the Germans and the French helping reconstruct Baghdad: the Germans could do the policing, the French could do the catering. But the question is moot, and the argument is cynical: France and Germany made absolutely clear that they would never support the overthrow of Saddam. So, accommodating them was not a way to get them into the reconstruction, it was a way to ensure that there would never be any reconstruction, because Saddam would still be in power.

Of course it would be nice if we had more allies rather than fewer. It would also be nice to be able to fly. But when some nations are not with you on your enterprise, including them in your coalition is not a way to broaden it; it's a way to abolish it.

At which point, liberal internationalists switch gears and appeal to legitimacy—on the grounds that multilateral action has a higher moral standing. I have always found this line of argument incomprehensible. By what possible moral calculus does an American intervention to liberate 25 million people forfeit moral legitimacy because it lacks the blessing of the butchers of Tiananmen Square or the cynics of the Quai d'Orsay?

Which is why it is hard to take these arguments at face value. Look: We know why liberal internationalists demanded UN sanction for the war in Iraq. It was a way to *stop* the war. It was the Gulliver effect. Call a committee meeting of countries with hostile or contrary interests—i.e., the Security Council—and you have guaranteed yourself another twelve years of inaction.

Historically, multilateralism is a way for weak countries to multiply their power by attaching themselves to stronger ones. But multilateralism imposed on Great Powers, and particularly on a unipolar power, is intended to *restrain* that power. Which is precisely why France is an ardent multilateralist. But why should America be?

Why, in the end, *does* liberal internationalism want to tie down Gulliver, to blunt the pursuit of American national interests by making them subordinate to a myriad of other interests?

In the immediate post-Vietnam era, this aversion to national interest might have been attributed to self-doubt and self-loathing. I don't know. What I do know is that today it is a mistake to see liberal foreign policy as deriving from anti-Americanism or lack of patriotism or a late efflorescence of 1960s radicalism.

On the contrary. The liberal aversion to national interest stems from an idealism, a larger vision of country, a vision of some ambition and nobility—the ideal of a true international community. And that is: To transform the international system from the Hobbesian universe into a Lockean universe. To turn the state of nature into a norm-driven community. To turn the law of the jungle into the rule of law—of treaties and contracts and UN resolutions. In short, to remake the international system in the image of domestic civil society.

They dream of a new world, a world described in 1943 by Cordell Hull, FDR's secretary of state—a world in which “there will no longer be need for spheres of influence, for alliances, for balance of power, or any other of the special arrangements by which, in the unhappy past, the nations strove to safeguard their security or promote their interests.”

And to create such a true international community, you have to temper, transcend, and, in the end, abolish the very idea of state power and national interest. Hence the antipathy to American hegemony and American power. If you are going to break the international arena to the mold of domestic society, you have to domesticate its single most powerful actor. You have to abolish American dominance, not only as an affront to fairness, but also as the greatest obstacle on the whole planet to a democratized international system where all live under self-governing international institutions and self-enforcing international norms.

Realism

This vision is all very nice. All very noble. And all very crazy. Which brings us to the third great foreign policy school: realism.

The realist looks at this great liberal project and sees a hopeless illusion. Because turning the Hobbesian world that has existed since long before the Peloponnesian Wars into a Lockean world, turning a jungle into a suburban subdivision, requires a revolution in human nature. Not just an erector set of new institutions, but a revolution in human nature. And realists do not believe in revolutions in human nature, much less stake their future, and the future of their nation, on them.

Realism recognizes the fundamental fallacy in the whole idea of the international system being modeled on domestic society.

First, what holds domestic society together is a supreme central authority wielding a monopoly of power and enforcing norms. In the international arena there is no such thing. Domestic society may look like a place of self-regulating norms, but if somebody breaks into your house, you call 911, and the police arrive with guns drawn. That's not exactly self-enforcement. That's law enforcement.

Second, domestic society rests on the shared goodwill, civility and common values of its individual members. What values are shared by, say, Britain, Cuba, Yemen and Zimbabwe—all nominal members of this fiction we call the “international community”?

Of course, you can have smaller communities of shared interests—NAFTA, ANZUS, or the European Union. But the European conceit that relations with all nations—regardless of ideology, regardless of culture, regardless even of open hostility—should be transacted on the EU model of suasion and norms and negotiations and solemn contractual agreements is an illusion. A fisheries treaty with Canada is something real. An Agreed Framework on plutonium processing with the likes of North Korea is not worth the paper it is written on.

The realist believes the definition of peace Ambrose Bierce offered in *The Devil's Dictionary*: "Peace: *noun*, in international affairs; a period of cheating between two periods of fighting."

Hence the Realist axiom: The "international community" is a fiction. It is not a community, it is a cacophony—of straining ambitions, disparate values and contending power.

What does hold the international system together? What keeps it from degenerating into total anarchy? Not the phony security of treaties, not the best of goodwill among the nicer nations. In the unipolar world we inhabit, what stability we do enjoy today is owed to the overwhelming power and deterrent threat of the United States.

If someone invades your house, you call the cops. Who do you call if someone invades your country? You dial Washington. In the unipolar world, the closest thing to a centralized authority, to an enforcer of norms, is America—American power. And ironically, American power is precisely what liberal internationalism wants to constrain and tie down and subsume in pursuit of some brave new Lockean world.

Realists do not live just in America. I found one in Finland. During the 1997 negotiations in Oslo over the land mine treaty, one of the rare holdouts, interestingly enough, was Finland. The Finnish prime minister stoutly opposed the land mine ban. And for that he was scolded by his Scandinavian neighbors. To which he responded tartly that this was a "very convenient" pose for the "other Nordic countries"—after all, *Finland* is their land mine.

Finland is the land mine between Russia and Scandinavia. America is the land mine between barbarism and civilization.

Where would South Korea be without America and its landmines along the DMZ? Where would Europe—with its cozy arrogant community—be without America having saved it from the Soviet colossus? Where would the Middle East be had American power not stopped Saddam in 1991?

The land mine that protects civilization from barbarism is not parchment but power, and in a unipolar world, American power—wielded, if necessary, unilaterally. If necessary, preemptively,

Now, those uneasy with American power have made these two means of wielding it—preemption and unilateralism—the focus of unrelenting criticism. The doctrine of preemption, in particular, has been widely attacked for violating international norms.

What international norm? The one under which Israel was universally condemned—even the Reagan Administration joined the condemnation at the Security Council—for preemptively destroying Iraq's Osirak nuclear reactor in 1981? Does anyone today doubt that it was the right thing to do, both strategically and morally?

In a world of terrorists, terrorist states and weapons of mass destruction, the option of preemption is especially necessary. In the bipolar world of the Cold War, with a stable non-suicidal adversary, deterrence could work. Deterrence does not work against people who ache for heaven. It does not work against undeterrables. And it does not work against *undetectorables*: non-suicidal enemy regimes that might attack through clandestine means—a suitcase nuke or anonymously delivered anthrax. Against both undeterrables and undetectorables, preemption is the only possible strategy.

Moreover, the doctrine of preemption against openly hostile states pursuing weapons of mass destruction is an improvement on classical deterrence. Traditionally, we deterred the *use* of WMDs by the threat of retaliation after we'd been attacked—and that's too late; the point of preemption is to deter the very acquisition of WMDs in the first place.

Whether or not Iraq had large stockpiles of WMDs, the very fact that the United States overthrew a hostile regime that repeatedly refused to come clean on its weapons has had precisely this deterrent effect. We are safer today not just because Saddam is gone, but because Libya and any others contemplating trafficking with WMDs, have—for the first time—seen that it carries a cost, a very high cost.

Yes, of course, imperfect intelligence makes preemption problematic. But that is not an objection on principle, it is an objection in practice. Indeed, the objection concedes the principle. We need good intelligence. But we remain defenseless if we abjure the option of preemption.

The other great objection to the way American unipolar power has been wielded is its unilateralism. I would dispute how unilateralist we have in fact been. Constructing ad hoc “coalitions of the willing” hardly qualifies as unilateralism just because they do not have a secretariat in Brussels or on the East River.

Moreover, unilateralism is often the very road to multilateralism. As we learned from the Gulf War, it is the leadership of the United States—indeed, its willingness to act unilaterally if necessary—that galvanized the Gulf War coalition into existence. Without the president of the United States declaring “This will not stand” about the invasion of Kuwait—and making it clear that America would go it alone if it had to—there never would have been the great wall-to-wall coalition that is now so retroactively applauded and held up as a model of multilateralism.

Of course one acts in concert with others if possible. It is nice when others join us in the breach. No one seeks to be unilateral. Unilateralism simply means that one does not allow oneself to be held hostage to the will of others.

Of course you build coalitions when possible. In 2003, we garnered a coalition of the willing for Iraq that included substantial allies like Britain, Australia, Spain, Italy and much of Eastern Europe. France and Germany made clear from the beginning that they would never join in the overthrow of Saddam. Therefore the choice was not a wide coalition versus a narrow one, but a narrow coalition versus none. There were serious arguments against war in Iraq—but the fact France did not approve was not one of them.

Irving Kristol once explained that he preferred the Organization of American States to the United Nations because in the OAS we can be voted down in only three languages, thereby saving translators’ fees. Realists choose not to be Gulliver. In an international system with no sovereign, no police, no protection—where power is the ultimate arbiter and history has bequeathed us unprecedented power—we should be vigilant in preserving that power. And our freedom of action to use it.

But here we come up against the limits of realism: you cannot live by power alone. Realism is a valuable antidote to the woolly internationalism of the 1990s. But realism can only take you so far.

Its basic problem lies in its definition of national interest as classically offered by its great theorist, Hans Morgenthau: Interest defined as power. Morgenthau postulated that what drives nations, what motivates their foreign policy, is the will to power—to keep it and expand it.

For most Americans, will to power might be a correct description of the world—of what motivates other countries—but it cannot be a prescription for America. It cannot be our purpose. America cannot and will not live by realpolitik alone. Our foreign policy must be driven by something beyond power. Unless conservatives present ideals to challenge the liberal ideal of a domesticated international community, they will lose the debate.

Which is why among American conservatives, another, more idealistic, school has arisen that sees America’s national interest as an expression of values.

Democratic Globalism

It is this fourth school that has guided U.S. foreign policy in this decade. This conservative alternative to realism is often lazily and invidiously called neoconservatism, but that is a very odd name for a school whose major proponents in the world today are George W. Bush and Tony Blair—if they are neoconservatives, then Margaret Thatcher was a liberal. There’s nothing neo about Bush, and there’s nothing con about Blair.

Yet they are the principal proponents today of what might be called democratic globalism, a foreign policy that defines the national interest not as power but as values, and that identifies one supreme value, what John Kennedy called “the success of liberty.” As President Bush put it in his speech at Whitehall last November: “The United States and Great Britain share a mission in the world beyond the balance of power or the simple pursuit of interest. We seek the advance of freedom and the peace that freedom brings.”

Beyond power. Beyond interest. Beyond interest defined as power. That is the credo of democratic globalism. Which explains its political appeal: America is a nation uniquely built not on blood, race or consanguinity, but on a proposition—to which its sacred honor has been pledged for two centuries. This American exceptionalism explains why non-Americans find this foreign policy so difficult to credit; why Blair has had more difficulty garnering support for it in his country; and why Europe, in particular, finds this kind of value-driven foreign policy hopelessly and irritatingly moralistic.

Democratic globalism sees as the engine of history not the will to power but the will to freedom. And while it has been attacked as a dreamy, idealistic innovation, its inspiration comes from the Truman Doctrine of 1947, the Kennedy inaugural of 1961, and Reagan’s “evil empire” speech of 1983. They all sought to recast a struggle for power between two geopolitical titans into a struggle between freedom and unfreedom, and yes, good and evil.

Which is why the Truman Doctrine was heavily criticized by realists like Hans Morgenthau and George Kennan—and Reagan was vilified by the entire foreign policy establishment: for the sin of ideologizing the Cold War by injecting a moral overlay.

That was then. Today, post-9/11, we find ourselves in a similar existential struggle but with a different enemy: not Soviet communism, but Arab-Islamic totalitarianism, both secular and religious. Bush and Blair are similarly attacked for naïvely and crudely casting this struggle as one of freedom versus unfreedom, good versus evil.

Now, given the way not just freedom but human decency were suppressed in both Afghanistan and Iraq, the two major battles of this new war, you would have to give Bush and Blair’s moral claims the decided advantage of being obviously true.

Nonetheless, something can be true and still be dangerous. Many people are deeply uneasy with the Bush-Blair doctrine—many conservatives in particular. When Blair declares in his address to Congress: “The spread of freedom is . . . our last line of defense and our first line of attack,” they see a dangerously expansive, aggressively utopian foreign policy. In short, they see Woodrow Wilson.

Now, to a conservative, Woodrow Wilson is fightin’ words. Yes, this vision is expansive and perhaps utopian. But it ain’t Wilsonian. Wilson envisioned the spread of democratic values through as-yet-to-be invented international institutions. He could be forgiven for that. In 1918, there was no way to know how utterly corrupt and useless those international institutions would turn out to be. Eight decades of bitter experience later—with Libya chairing the UN Commission on Human Rights—there is no way *not* to know.

Democratic globalism is not Wilsonian. Its attractiveness is precisely that it shares realism’s insights about the centrality of power. Its attractiveness is precisely that it has appropriate contempt for the fictional legalisms of liberal internationalism.

Moreover, democratic globalism is an improvement over realism. What it can teach realism is that the spread of democracy is not just an end but a means, an indispensable means for securing American interests. The reason is simple. Democracies are inherently more friendly to the United States, less belligerent to their neighbors, and generally more inclined to peace. Realists are right that to protect your interests, you often have to go around the world bashing bad guys over the head. But that technique, no matter how satisfying, has its limits. At some point, you have to implant something, something organic and self-developing. And that something is democracy.

But where? The danger of democratic globalism is its universalism, its open-ended commitment to human freedom, its temptation to plant the flag of democracy everywhere. It must learn to say no. And indeed, it does say no. But when it says no to Liberia, or Congo, or Burma, or countenances alliances with authoritarian rulers in places like Pakistan or, for that matter, Russia, it stands accused of hypocrisy. Which is why we must articulate criteria for saying yes.

Where to intervene? Where to bring democracy? Where to nation-build? I propose a single criterion: Where it counts.

Call it democratic *realism*. And this is its axiom: *We will support democracy everywhere, but we will commit blood and treasure only in places where there is a strategic necessity—meaning, places central to the larger war against the existential enemy, the enemy that poses a global mortal threat to freedom.*

Where does it count? Fifty years ago, Germany and Japan counted. Why? Because they were the seeds of the greatest global threat to freedom in midcentury—fascism—and then were turned, by nation building, into bulwarks against the next great threat to freedom, Soviet communism.

Where does it count today? Where the overthrow of radicalism and the beginnings of democracy can have a decisive effect in the war against the new global threat to freedom, the new existential enemy, the Arab-Islamic totalitarianism that has threatened us in both its secular and religious forms for the quarter-century since the Khomeini revolution of 1979.

Establishing civilized, decent, nonbelligerent, pro-Western polities in Afghanistan and Iraq and ultimately their key neighbors would, like the flipping of Germany and Japan in the 1940s, change the strategic balance in the fight against Arab-Islamic radicalism.

Yes, it may be a bridge too far. Realists have been warning against the hubris of thinking we can transform an alien culture because of some postulated natural and universal human will to freedom. And they may yet be right. But how do they know in advance? Half a century ago, we heard the same confident warnings about the imperviousness to democracy of Confucian culture. That proved stunningly wrong. Where is it written that Arabs are incapable of democracy?

Yes, as in Germany and Japan, the undertaking is enormous, ambitious and arrogant. It may yet fail. But we cannot afford not to try. There is not a single, remotely plausible, alternative strategy for attacking the monster behind 9/11. It's not Osama bin Laden; it is the cauldron of political oppression, religious intolerance, and social ruin in the Arab-Islamic world—oppression transmuted and deflected by regimes with no legitimacy into virulent, murderous anti-Americanism. It's not one man; it is a condition. It will be nice to find that man and hang him, but that's the cops-and-robbers law-enforcement model of fighting terrorism that we tried for twenty years and that gave us 9/11. This is war, and in war arresting murderers is nice. But you win by taking territory—and leaving something behind.

September 11

We are the unipolar power and what do we do?

In August 1900, David Hilbert gave a speech to the International Congress of Mathematicians naming twenty-three still-unsolved mathematical problems bequeathed by the nineteenth century to the twentieth. (Only three remain, by the way, but that's for another night.)

Had he presented the great unsolved geopolitical problems bequeathed to the twentieth century, one would have stood out above all—the rise of Germany and its accommodation within the European state system.

Similarly today, at the dawn of the twenty-first century, we can see clearly the two great geopolitical challenges on the horizon: the inexorable rise of China and the coming demographic collapse of Europe, both of which will irrevocably disequilibrate the international system.

But those problems come later. They are for midcentury. They are for the next generation. And that generation will not even get to these problems unless we first deal with our problem.

And our problem is 9/11 and the roots of Arab-Islamic nihilism. September 11 felt like a new problem, but for all its shock and surprise, it is an old problem with a new face. September 11 felt like the initiation of a new history, but it was a return to history, the twentieth century history of radical ideologies and existential enemies.

The anomaly is not the world of today. The anomaly was the 1990s, our holiday from history. It felt like peace, but it was an interval of dreaming between two periods of reality.

From which 9/11 awoke us. It startled us into thinking everything was new. It's not. What is new is what happened not on 9/11, but ten years earlier on December 26, 1991, the emergence of the United States as the world's unipolar power. What is unique is our advantage in this struggle, an advantage we did not have during the struggles of the twentieth century. The question for our time is how to press this advantage, how to exploit our unipolar power, how to deploy it to win the old/new war that exploded upon us on 9/11.

What *is* the unipolar power to do?

Four schools, four answers.

The isolationists want simply to ignore unipolarity, pull up the drawbridge, and defend Fortress America. Alas, the Fortress has no moat—not after the airplane, the submarine, the ballistic missile—and as for the drawbridge, it was blown up on 9/11.

Then there are the liberal internationalists. They like to dream, and to the extent they are aware of our unipolar power, they don't like it. They see its use for anything other than humanitarianism or reflexive self-defense as an expression of national selfishness. And they don't just want us to ignore our unique power, they want us to yield it piece by piece, by subsuming ourselves in a new global architecture in which America becomes not the arbiter of international events, but a good and tame international citizen.

Then there is realism, which has the clearest understanding of the new unipolarity and its uses—unilateral and preemptive if necessary. But in the end, it fails because it offers no vision. It is all means and no ends. It cannot adequately define our mission.

Hence, the fourth school: democratic globalism. It has, in this decade, rallied the American people to a struggle over values. It seeks to vindicate the American idea by making the spread of democracy, the success of liberty, the ends and means of American foreign policy.

I support that. I applaud that. But I believe it must be tempered in its universalistic aspirations and rhetoric from a democratic globalism to a democratic realism. It must be targeted, focused and limited. We are friends to all, but we come ashore only where it really counts. And where it counts today is that Islamic crescent stretching from North Africa to Afghanistan.

In October 1962, during the Cuban Missile crisis, we came to the edge of the abyss. Then, accompanied by our equally shaken adversary, we both deliberately drew back. On September 11, 2001, we saw the face of Armageddon again, but this time with an enemy that does not draw back. This time the enemy knows no reason.

Were that the only difference between now and then, our situation would be hopeless. But there is a second difference between now and then: the uniqueness of our power, unrivaled, not just today but ever. That evens the odds. The rationality of the enemy is something beyond our control. But the use of our power is within our control. And if that power is used wisely, constrained not by illusions and fictions but only by the limits of our mission—which is to bring a modicum of freedom as an antidote to nihilism—we can, and will, prevail.

AEI Annual Dinner, February 10, 2004

Introduction of Charles Krauthammer by Vice President Cheney

It's a pleasure tonight to join all of you in honoring Charles Krauthammer—a man I admire very much, and am proud to call a friend. The Irving Kristol Award is named for one great American, and tonight we bestow it on another.

Lynne and I are pleased, as well, to be in the company of so many other friends and colleagues—starting with Chris DeMuth, who does an absolutely superb job as president of AEI. Being here brings to mind my own days affiliated with AEI, which stretch back some 30 years, as an office holder, a freshman congressman, an out-of-work politician, a member of the Board of Trustees, and a corporate official who didn't appreciate how valuable the experience was till I was asked to contribute financially for the privilege of being part of it. But it has been a very, very important part of our lives, for me and for Lynne, and a very important part of our intellectual learning and development during our years in Washington.

I spent a time at AEI when I was a scholar, a time when I had an office, a small staff, and not much in the way of actual responsibility. It turned out to be a lot like the vice presidency.

Lynne and I are truly grateful for our many years of association with the American Enterprise Institute. AEI has developed a reputation, well deserved, for disciplined scholarship, intellectual integrity, and fresh insight into public policy. And AEI continues to earn that reputation every year with research and writing of high standards and ever increasing influence.

Few at AEI are more influential than the chairman of our Board of Academic Advisers, Professor James Q. Wilson—who last July received the Medal of Freedom from President Bush. I have known Jim for a number of years, and I've respected his work ever since I was a graduate student, in the days when Lynne and I were both working on our Ph.D.s. Lynne actually went on to earn her Ph.D. in British literature. I haven't quite settled on a topic for my dissertation.

For me, an expected career in academic life was overtaken by a series of opportunities in government. And so I have spent much of the last three and a half decades in and around this city. Here, where our national debates are centered, you get used to the shifting attention and the passing enthusiasms that characterize so much of our political commentary. You learn to take it all in, and then to select out the well considered judgments of a serious thinker. You begin to listen through the chorus in search of that one clear note. And so often, that clear note is the commentary of Charles Krauthammer.

This most respected of writers is also a distinguished medical doctor who spent years in practice as a noted psychiatrist. He first came to Washington in the 1970s, and soon found himself working at the White House for one of my predecessors. I now wish I had paid more attention at the time to the speeches of Walter Mondale, because I'm sure they were absolutely first rate. By the early 1980s, Charles's talent had been recognized by editors, and by readers in Washington and well beyond. And the most impressive aspect of his work is the sustained level of quality over a period of more than 20 years. This is not a columnist who merely fills space and meets deadlines. Charles Krauthammer always writes with care. In his columns and essays, there is always a powerful line of reasoning, and behind it the workings of a superior intellect. When you read his words, you know you are dealing with a serious person, who assumes the same of you.

You see something else, as well, in a Krauthammer column. Whatever the subject at hand, Charles gives the reader evidence and argument, never just sentiment and the conventional wisdom. His great intelligence is guided by principle and an understanding of the world as it is. These qualities produce special insights into the very areas where we need them most—from the new powers mankind has assumed in science, to the new dangers confronting America and other free nations.

A consistent theme in Charles' writings is his belief in human freedom—and his abhorrence for violence and tyranny. Since September 11th, Charles has written compellingly on the urgent duty of free nations to defeat the terrorists, and hold to account any regime that supports or arms them. This war on terror has in many ways brought out the finest qualities of the American people. And the complexities of this era have certainly brought out the finest attributes of this writer—his wisdom, his deep moral sensibility, and his conviction that freedom is the right of all mankind and must be defended.

The citation for the Irving Kristol Award for 2004 reads as follows:

To Charles Krauthammer:

Fearless journalist, wise analyst, and militant democrat

Who has shown that America's interests and ideals are indivisible

And that the promotion of freedom is hard-headed realism

I'm very pleased that Charles's wife, Robyn, and their son, Daniel, are here to witness the presentation of this award, and to see the respect and affection we all feel for its recipient. It is my privilege to introduce the great man we honor tonight, Dr. Charles Krauthammer.

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
	Handwritten Note [Note] [with attachment] - To: Karl - From: Pete	1	N.D.	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

FOIA IDs and Segments:

2015-0037-F

OA Num.:

10754

2014-0124-F

NARA Num.:

10812

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).**Deed of Gift Restrictions**

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA**Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.**



On Gay Marriage, A Way Forward

By Michael Horowitz

Font Size: ↑ ↓ ☒

Published 02/27/2004

The President announced this week that he will support a constitutional amendment to deal with the mushrooming marriage crisis triggered by recent decisions of the Massachusetts Supreme Court. While indicating that the amendment he will support will "defin[e] and protect... marriage as a union of man and woman as husband and wife," the President's major focus was on the need to protect democratic processes from judicial overreach. More importantly, he carefully and deliberately indicated that he has not yet reached a decision about the wording of the amendment he will support.

The President has two different ways open to him to deal with the matter.

The first approach, best described as the anti-gay marriage strategy, will please some conservatives and evangelicals, but will go nowhere and will let Sen. John Kerry off the hook. Unfortunately, the President appears to have cast his lot with this approach.

The other approach, best described as the pro-democracy approach, is not yet seriously on the table and is thus still (modestly) open for dramatic Presidential introduction. It will reverse the Massachusetts decision, receive reluctant support from most conservatives and evangelicals, can receive surprising support from gays, libertarians and others favoring gay marriage, and can change the terms of the current debate to the President's advantage. It will create serious political dilemmas for the President's opponents. Its prospects for success could be real.

An anti-gay marriage amendment will focus debate on the propriety of gay marriage; its alternative will put the focus on how decisions regarding gay marriage should be made. The former would use the United States Constitution to forever bar the American people from deciding some questions regarding non-heterosexual unions, while the latter would "simply" bar judges from substituting themselves in such matters for legislative and referendum processes.

An amendment focusing on democratic governance rather than the illegitimacy of gay marriage, would read as follows:

Except for distinctions based on race, color or religion, the establishment of civil marriage in all of its forms, and the benefits thereof, shall in each state be solely defined by the legislature or citizens thereof, and shall have such legal force in the remaining states as the legislatures or citizens of such states shall determine.

Such language would allow states to establish marriage relationships on any terms they chose, but only if democratic processes were used. It would make enacted marriage laws binding only in other states if, through democratic processes, they chose to be so bound. It would allow courts to invalidate attempts of rogue mayors and county registrars to unilaterally license gay marriages. Finally, it would fully preserve the Constitution's bedrock civil rights role by retaining the freedom of the courts to strike down such legislation as so-called anti-miscegenation statutes.

Such an amendment would capture for the President the high ground of trusting people to decide a matter of central importance to them. It would make it hard to paint him as divisive or anti-gay. It would help shift the balance within the American conservative community towards morally confident advocates willing to reach out to others and capable of shattering myths about who they are and what they stand for. It would create for many elites the man-bites-dog story that the President does not seek to impose his religious, moral or cultural views on those who disagree with him, but rather trusts the people to reach the right decisions. It would offer a platform from which the Vice President and Mrs.

Bush could comfortably and fully engage in the debate. It could gain support from libertarians and pro-federalists. It would bring *Roe v. Wade* into sharper focus because its central premise -- the need to substitute democratic decision-making for judicial fiat -- is precisely what is at stake in the abortion debate. It would turn on its head the thundering claims of critics like Senator Kennedy that the President seeks to use the Constitution to reduce rather than expand rights. It would sharpen the debate over Senate confirmation of such superb judges as Caroline Kuhl, Janice Brown and Patricia Owens, against whom stonewalling confirmation tactics have to date largely succeeded. It will be principled and strategic in character.

Critically for the President, a pro-democracy approach would also make irrelevant the self-serving claims of Senator John Kerry and others who oppose anti-gay marriage amendments while "personally" opposing gay marriage. Putting a pro-democracy amendment on the table would compel Senator Kerry to deal with the central question: whether the Massachusetts Supreme Court or any other court should be free to foreclose democratic debate on the character of marriage in their states and, to a significant degree, for all Americans.

Sacrificing these advantages for inclusion of "marriage is between a man and a woman" amendment language will, as is already evident, cost the President dearly -- even though his proposed amendment would also give gay couples all rights of marriage save for the ability to use the M-word to label their relationships. Such a rhetorical gain seems hardly worth jeopardizing the outcome of a critical national debate, risking negative anti-gay caricature, allowing John Kerry to duck the central issue of the debate and keeping the Massachusetts Supreme Court judges in business. And any such gain would be wildly hypothetical as well, for no state legislature is today even remotely prepared to legislate gay marriages without the gun-to-the-head pressures from state courts that a pro-democracy amendment would remove. For this reason, the sole operational effect of any "marriage is between a man and woman" provision would be to protect heterosexual marriage from the possibility that, *many years from now*, some state legislature might wish to re-label the civil unions that other provisions of the Musgrave amendment will immediately authorize.

An independent concern should, even at this late date, move the President towards a full trust-the-people approach: the need to succeed and prevail.

In an era of sharp partisanship, with both parties at near-equal strength, any anti-gay marriage amendment may not even be able to clear the jurisdictional Congressional committees. Such an outcome would rightly be treated as a major leadership failure by a President unable to even get a floor debate on a major issue in a Congress his party controls. As, to a lesser but significant degree, would be the increasingly likely overwhelming defeat of an anti-gay marriage amendment on the floor of either house.

Conservatives increasingly understand the "less is more" principle of public policy engagement, by which the core evil sought to be eliminated isn't always made the focus of their efforts to the exclusion of others. They further understand that, with effort, they can lead major bipartisan initiatives without sacrificing their core principles -- that beleaguered us v. them struggles against cultural and religious moderates and liberals need not always be foreordained.

Early proponents of the partial-birth abortion initiative were bitterly condemned as compromisers willing to settle for the "not even a slice of the loaf" reform that would "inevitably" become the right to life movement's final stopping point. Those critics have been proven wrong, as debate and passage of the partial-birth abortion ban has split and dispirited the pro-abortion movement, generated a major shift in American public opinion on abortion and caused millions of undecided Americans to take more guarded views of its legitimacy. Similarly, the argument made by some conservatives that the International Religious Freedom Act's strong focus on hardcore persecution implicitly sanctioned religious discrimination is now seen as having been badly mistaken. Utopian critics of the Act failed to predict that its passage would cause Americans to powerfully identify with millions of believers who were being tortured and murdered for their faiths, marginalize anti-faith bigots who opposed any effort to make religious freedom a core U.S. foreign policy component and thus more fully engage the American people in combating both religious persecution and discrimination.

Likewise with a trust-the-people, pro-democratic process amendment. Because Americans will more passionately contest their exclusion from decisions regarding marriage, an amendment singularly focused on the Massachusetts Supreme Court's one-

vote majority decision will more powerfully shape public opinion on gay marriage than would a badly losing effort to ban it.

Conservatives wishing to reach Americans who either support gay marriage, or those who oppose it but equally oppose campaigns even implicitly directed against gays, should be on the side of open channels of debate that offer gay marriage proponents a fair opportunity to persuade others of their views. By so doing, conservatives will more easily persuade the country that they should not be denied the right to democratic recourse by runaway courts. A pro-democracy amendment will focus America on the arrogant finding of four of seven Massachusetts Supreme Court judges that only bigots could disagree with their views on gay marriage, that there is "no rational basis" for any conclusion on the subject but theirs -- a position likely to find little support with voters who rightly believe that they and their elected representatives should have something to say about the matter.

The President can seize moral and political high ground by supporting a pro-democracy amendment and simultaneously expressing both his strong belief in traditional heterosexual marriage and his respect for those who disagree with him. In doing so, he would be joined by religious leaders who share his views and by gay marriage supporters who do not, with both expressing support for democratic governance as the right way to deal with the issue. Such an event may alienate some conservatives for its seeming "openness" to the prospect of an outcome they abhor, although others will see it as the fairest means of dealing with the issue, and still others will understand it to be the only feasible means of reining in courts poised to impose it on otherwise unwilling Americans. (The problem with conservatives is that the President's announced support for some form of "marriage is between a man and a woman" language is that many conservatives will see subsequent support for a pro-democracy approach as a retreat from a previously announced promise.) Supporters of gay marriage who support a pro-democracy amendment will take even more heat for endorsing the President's moral legitimacy on the issue and for removing the only presently realistic means of achieving gay marriage, but such principled advocates are there to be found if the President seeks them out.

Mrs. Bush's recent comments at a Santa Monica press conference make her views of the issue sensibly clear. Describing gay marriage as a "very, very shocking issue for some people," she went on to say:

It's an issue that people want to talk about and not want the Massachusetts Supreme Court, or the mayor of San Francisco to make their choice for them. I know that's what the president thinks.

I think people ought to have that opportunity to debate it, to think about it, to see what the American people really want to do about the issue.

Whatever language he proposes, it's clear that the President gets it in all respects. At a recent press conference, he first noted that he "strongly believe[d] that marriage should be defined as between a man and a woman," then expressed his support for "law" that would do so. He then indicated that he was "troubled by activist judges who are defining marriage," and concluded as follows:

I'm watching very carefully. But I'm troubled by what I've seen. People need to be involved with this decision. *Marriage ought to be defined by the people, not by the courts.*

"By the people, not by the courts" is the unifying federal constitutional standard around which most Americans could, and with Presidential leadership, would rally, with "marriage between a man and a woman" language of the sort the President rightly favors best left for state legislation and state constitutions.

This week's indication that the President intends to support such "marriage is between a man and woman" amendment language has had the predictable effect of dwarfing his more consequential support for full state freedom to legislate all but M-word labeling of gay unions. It is being almost exclusively reported as his endorsement of a campaign against gay marriage.

Not having yet sent specific amendment language to Congress, the President has a limited window to propose a unifying pro-democracy amendment designed to deal with the mushrooming crisis created by the Massachusetts Supreme Court. But his time to do so is very limited, for later-day support of a pro-democracy amendment in the face of diminishing support for the Musgrave amendment is likely to be seen as an act of political

expediency rather than principle.

For this reason alone, a quintessentially decent President who harbors not a shred bigotry towards gays will need to rapidly move in the direction of a pro-democracy strategy that will protect him from unfair caricature, lead the country and carry the day.

The author is a senior fellow with the Hudson Institute and Director of the Hudson Institute's Project for Civil Justice Reform and Project for International Religious Liberty.

Copyright © 2004 Tech Central Station - www.techcentralstation.com

P

612727

**THE OMNIBUS APPROPRIATIONS BILL:
ARE APPROPRIATIONS FOR DOMESTIC PROGRAMS EXPLODING?**

by Richard Kogan Revised December 31, 2003

When Congress reconvenes in January, the Senate will consider the omnibus appropriations bill. The development of the bill and its passage by the House on December 8 has been accompanied by charges that appropriations in general — and appropriations for domestic programs in particular — are spiraling out of control.

This analysis examines the rate of growth in appropriated (or “discretionary”) programs in fiscal year 2004, assuming the omnibus bill becomes law. The analysis also examines growth rates in discretionary programs over the past several years. The analysis is based on official Congressional Budget Office estimates of funding (or “budget authority”) for discretionary programs, adjusted to account for technical anomalies. (See the Appendix.)

As the analysis indicates, *total funding for domestic discretionary programs outside of homeland security will not increase at all in fiscal year 2004, after adjusting for inflation.* In the previous year — fiscal year 2003 — overall funding for domestic discretionary programs outside homeland security actually *declined*, once inflation is taken into account. Thus, the \$389 billion that would be provided in fiscal year 2004 for domestic discretionary programs outside homeland security would be \$7 billion (or nearly two percent) *less* than the amount of funding that these programs received in 2002, after adjusting for inflation.

The overall appropriations level for defense, homeland security, and international affairs would increase in 2004, although the increase would be much smaller than in the previous two fiscal years. Appropriations for defense, homeland security, and international affairs would rise by 1.9 percent in 2004, after adjusting for inflation.

Appropriations for *all* discretionary programs — defense, international, and domestic combined — would increase by one percent, after inflation is taken into account. Without adjusting for inflation, the increase would be 3.0 percent.

Increase in Funding for Annually Appropriated Programs in 2004, Assuming Enactment of Omnibus Bill		
	% Increase, Before Inflation	% Increase, Adjusted for Inflation
Defense, International, Homeland Security	3.8%	1.9%
Domestic (outside homeland)	<u>1.9%</u>	<u>0.0%</u>
Average for all appropriated programs	3.0%	1.1%

It should be noted that the funding levels for defense, homeland security, and international affairs represent modest growth from a very high 2003 funding-level base. This part of the budget received dramatic increases in funding in both 2002 and 2003. Funding for defense, homeland security, and international affairs jumped 22.8 percent in 2002, after adjusting for inflation. It then rose another 17 percent in 2003.

- Funding for defense, homeland security, and international affairs stood at \$345 billion in fiscal year 2001. It will be \$534 billion in 2004, assuming the omnibus bill is enacted. This represents an increase of \$189 billion — or 55 percent — before adjustment for inflation. After inflation is taken into account, the increase is 46 percent.
- By contrast, funding for domestic discretionary programs outside homeland security increased from \$336 billion in 2001 to \$389 billion in 2004, an increase of 15.9 percent before adjustment for inflation and 9.8 percent after inflation is taken into account.
- The total level of appropriations for *all* discretionary programs will be \$204 billion higher in 2004 than it was in 2001, after adjustment for inflation. One sixth of this increase — or \$35 billion — occurred in domestic programs. The other five-sixths occurred in defense, international affairs, and homeland security programs.

Table 2
Funding for Annually Appropriated Programs,
Assuming Enactment of the Consolidated (“Omnibus”)
Appropriations Bill

	2001	2002	2003	2004	
	Level	Percentage growth	Percentage growth	Level	Percentage growth
In current dollars (billions)					
Defense, Int'l, Homeland	\$345	24.4%	19.7%	\$534	3.8%
Domestic (outside homeland)	\$336	12.9%	0.8%	\$389	1.9%
In constant 2004 dollars (billions)					
Defense, Int'l, Homeland	\$365	22.8%	17.0%	\$534	1.9%
Domestic (outside homeland)	\$355	11.5%	-1.5%	\$389	0.0%

As Table 2 shows, once the large budget surpluses that were projected in 2001 at the time the 2002 budget was being written had evaporated, growth in domestic discretionary programs halted. There has been no further growth in this part of the budget (in inflation-adjusted terms) since 2002. Moreover, a part of the increase in domestic appropriations that occurred in fiscal year 2002 reflected disaster relief and reconstruction costs in New York City, stemming from the terrorist attacks of September 11, 2001.

Growth in defense, international affairs, and homeland security continues in 2004, but at a substantially reduced pace. The funding level for this part of the budget remains unusually high, however, both because of military and reconstruction costs in Iraq and Afghanistan and because of major increases in defense and homeland security that are not related to Iraq and Afghanistan and are expected to be ongoing.

Funding Levels as a Share of the Economy

Another way to understand these trends is to examine changes in discretionary spending relative to the size of the U. S. economy (i.e., the Gross Domestic Product). As Table 3 shows, overall funding for discretionary programs climbed from 6.8 percent of GDP in 2001 to 8.3 percent in 2003, a very sizeable increase for a two-year period. This level will edge down to 8.1 percent of GDP in 2004.^[1]

Virtually all of the increase occurred in defense, homeland security, and international programs. That part of the budget stood at 3.4 percent of GDP in 2001, but jumped to 4.8 percent of GDP by 2003, before edging down to 4.7 percent in 2004. By contrast, funding for domestic discretionary programs outside homeland security equaled 3.3 percent of GDP in 2001 and will stand at 3.4 percent of GDP in 2004. Funding for this part of the budget declined relative to GDP in 2003 and will edge down again in 2004.

Table 3
Funding for Appropriated Programs Relative to Gross Domestic Product

	Defense, International Affairs, Homeland Security	Domestic (outside homeland security)	Total
2001	3.4%	3.3%	6.8%
2002	4.1%	3.7%	7.8%
2003	4.8%	3.5%	8.3%
2004	4.7%	3.4%	8.1%

Note: rows may not add due to rounding

In short, domestic discretionary programs have played a modest role in the rapid growth of appropriations that has occurred over the past three years. Of late, some pundits and policymakers have decried the rapid growth of *overall* appropriations during the last three years and have implied or stated that *this year's* appropriations bills continue that pattern or that *domestic* appropriations are substantially to blame. Neither of those contentions withstands analysis.

The Most Recent Three Years Compared with the Three Years Before Them

A further perspective on budget trends in discretionary programs is provided by comparing average annual rates of funding growth in fiscal years 2002, 2003, and 2004 — the period of President Bush's presidency to date — to rates of funding growth for the previous three fiscal years. Table 4 displays the average annual growth rates over these two periods: fiscal years 1999, 2000, and 2001 versus fiscal years 2002, 2003, and 2004.

The average growth rate in funding for discretionary programs has indeed been considerably higher in 2002, 2003, and 2004 than in the three years before them. This increase in the rate of growth for discretionary programs has been driven entirely by faster growth for the defense-international affairs-

homeland security part of the discretionary budget. The average growth rate for domestic programs outside homeland security has, in fact, declined relative to the rate in the earlier three-year period.

- After adjusting for inflation, the average annual rate of growth in funding for discretionary programs was 4.2 percent in the three final Clinton budget years and 8.7 percent in the first three Bush years. The average rate of funding growth thus more than doubled under the Bush Administration, despite the fact that the final Clinton years were a time of growing budget surpluses while the recent period has been one of mounting deficits.
- This overall upward trend for the most recent three years masks quite divergent trends, however, for the different categories of discretionary programs. The average annual rate of growth for defense, homeland security, and international affairs funding *more than quadrupled*, from 2.9 percent in the final Clinton years to 13.6 percent in the Bush years. By contrast, the average annual growth rate in funding for domestic discretionary programs was cut nearly in half, from 5.6 percent in the final Clinton years to 3.2 percent in the first three Bush years. (These figures represent the growth rates after adjustment for inflation.)

As noted above, increases for domestic discretionary programs ended after fiscal year 2002, in inflation-adjusted terms. The budget for fiscal year 2002 was developed at a time when the Congressional Budget Office and the Office of Management and Budget projected large surpluses for decades into the future, the President was maintaining that the nation could afford large tax cuts and a prescription drug benefit and have large surpluses left over, and the Federal Reserve chairman was warning of a risk that the federal debt might be paid off "too quickly."

Table 4
Average Annual Rates of Growth in Appropriated Funding

	in 1999, 2000, and 2001	in 2002, 2003, and 2004
In current dollars		
Defense, Homeland, Int'l	5.0%	15.6%
Domestic (outside homeland)	<u>7.8%</u>	<u>5.0%</u>
All appropriated funding	6.3%	10.7%
After adjustment for inflation		
Defense, Homeland, Int'l	2.9%	13.6%
Domestic (outside homeland)	<u>5.6%</u>	<u>3.2%</u>
All appropriated funding	4.2%	8.7%

Discretionary Spending Increases, Tax Cuts, Mandatory Program Increases, and Deficits

A related question concerns the role that the increases in funding for discretionary programs have played in the emergence of deficits. The budget data demonstrate that declines in revenues — both as a result of tax cuts and for economic and technical reasons — have been a much larger factor than increases in

either discretionary or mandatory spending. Table 5 compares expenditures and revenues in 2001 and 2003, measured as a share of the economy.^[2]

As the table indicates, decreases in revenue have been about twice as significant as increases in spending in accounting for the stark change in budget outcomes between 2001 and 2003. The increase in expenditures attributable to domestic discretionary programs during this period is the least significant of the factors, accounting for only about 7 percent of the budget deterioration.

Table 5
Change in Budget Outcomes from 2001 to 2003, as a Share of GDP

	percentage point change	contribution to total change
Change from surplus to deficit	4.8%	100%
Decreased revenues	-3.3%	69%
Increased expenditures:	+1.5%	31%
mandatory programs	+0.3%	7%
defense, international, homeland	+0.9%	18%
domestic discretionary	+0.3%	7%

Table 6 makes the same point in a different way: it shows CBO's estimates of the budgetary effects of *legislation* enacted since January 2001. Here, too, spending increases — and especially those associated with domestic appropriations — are shown to be much less significant in explaining the budget deterioration than tax cuts. If we examine the total cost in fiscal year 2004 of all legislation that has been enacted since January 2001 (including the assumed enactment of the pending omnibus appropriations bill), we find that increases in expenditures for domestic discretionary programs have amounted to only 5 percent of these costs. Tax cuts account for 57 percent of the total cost of legislation enacted in the past three years.

Table 6
The Cost in 2004 of Legislation Enacted Since January 2001
CBO estimates in billions of dollars

	2004 cost	share of total
tax cuts	\$296	57%
defense, international affairs, and homeland security	\$152	29%
entitlement increases	\$46	9%
domestic appropriated programs	\$28	5%
Total Cost of Legislation	\$522	100%

Note: The figures shown above include both the direct cost of legislation and

the associated interest costs. Both tax cuts and program increases have increased the federal debt above the levels projected in 2001, thereby increasing the interest payments on the debt above the levels that were projected in 2001.

Conclusion

Some recent public pronouncements have suggested that the deficit is swelling primarily because spending is exploding, including spending for domestic programs. This line of argument is flawed in two respects; first, tax cuts and other revenue losses are twice as significant as spending increases in explaining the return to deficits over the past few years; second, the increases for defense, international affairs, and homeland security have been much greater — and thus have played a substantially larger role in the return to deficits — than the increases for domestic appropriations.

Appendix Adjustments to CBO's Data

We adjust CBO's budget data in several ways, in order to provide totals that more accurately reflect year-to-year changes in funding levels for appropriated programs.

- **Transportation trust funds.** The principal adjustment is to include the amounts provided in transportation appropriations bills for highways, mass transit, air traffic control, and other programs that are covered by the transportation trust funds. CBO does not include these amounts in its official figures on overall budget authority levels for domestic discretionary programs for technical reasons. Although the funding to cover these appropriations comes from the transportation trust funds, these funding levels are clearly discretionary: Congress uses the annual appropriations bills to establish the funding levels for these programs each year.

Another indication that the funding levels for these programs are discretionary is that when Congress imposes across-the-board cuts in discretionary funding, as it has done in this year's omnibus appropriations bill, the funding levels for these transportation programs are fully subject to those reductions. Furthermore, CBO classifies the *expenditure* of these funds as discretionary spending, even though the appropriations that result in that spending is not counted in the discretionary funding totals.

- **Forward Funding and Advance Appropriations.** We have also adjusted for timing anomalies associated with certain "advance appropriations" and "forward funding." From time to time, Congress changes the financing mechanisms for some "forward funded" programs that have 12-month funding periods that straddle two fiscal years. Congress converts a single 12-month appropriation of forward-funded budget authority for these programs to two separate appropriation items that are both included in the same appropriations bill. The first of the two items is a *part-year* regular appropriation for the coming fiscal year. The second item is a *part-year* "advance" appropriation for the following fiscal year. Together, the two appropriation items continue to cover the same 12-month period as the single appropriation item that was included in prior appropriations bills.

In the first year in which such a change is made, the amount appropriated for the coming fiscal year *appears* to be substantially reduced from the previous year's appropriations level, because the funding for the second part of the 12-month period is no longer recorded as an appropriation for the coming fiscal year. This is clearly a timing gimmick and has been widely recognized as such. OMB has characterized this maneuver as a "distortion," and Congressional rules have attempted to bar its further use. Moreover, the Department of Education, in presenting its budget (which includes most of the programs in which this change was made), corrects for this distortion by attributing these advance appropriations to the coming fiscal year. In this analysis, we do the same.

- **Housing Assistance** Figures on funding levels for assisted housing programs can be subject to two types of distortion. First, the housing totals understate the level of housing assistance provided each year, because a portion of the assistance continues to be

funded from budget authority included in appropriations bills enacted many years ago to cover 20-year or 30-year housing contracts. Because that budget authority was recorded as an up-front lump sum when it was enacted, it is not recorded in current budgets.

The degree to which the amount of *new* budget authority that is provided for these programs in the annual appropriation bills understates the programs' overall funding levels will, however, vary from year to year, as old multi-year funding contracts expire and are replaced by new one-year contracts. The level of funding included in the multi-year contracts that expire each year varies markedly from one year to the next.

Second, and adding to the difficulties in comparing year-to-year funding levels for the housing assistance programs, Congress periodically addresses build-ups of assisted housing funds that have turned out to be in excess of actual costs by rescinding unused funds; these rescissions count as "negative" budget authority in the year in which they are enacted. The timing of these rescissions is irregular, and their size varies substantially.

Each of these factors causes large year-to-year fluctuations in the levels of new budget authority that are provided for the housing assistance programs in the annual appropriations bills and that consequently appear in the official budget figures. These fluctuations are not meaningful in reality. There is no ideal method of handling these distortions in comparisons of year-to-year funding levels that include the housing programs. We address them in the soundest way available, by using housing *expenditures* rather than *funding* in our totals, because housing expenditures are not subject to either of these distortions.

- **Change of Administrations.** Our figures for fiscal 2001 show the appropriations for that year enacted under the Clinton Administration. Supplemental appropriations enacted under the new Administration and Congress, primarily the first \$20 billion in the "911" supplemental appropriations bill, are attributed to fiscal year 2002. We do this because we, the Administration, and others generally attribute 2001 funding to the Clinton Administration. This is accurate with respect to the regular appropriations bills enacted in the fall of 2000. But it would not be accurate to attribute the supplemental appropriations bills requested and signed into law by President Bush in the summer and fall of 2001 to the Clinton Administration.

The total effect of our adjustments is shown in Table 7, below. Note that the adjustments make only a tiny difference in the funding *growth rates* for 2004, because the adjustments for fiscal years 2003 and 2004 are nearly identical.

Table 7
Adjustments to "Scored" Budget Authority Used in Our Analysis
Dollars in billions

	1998	2001	2002	2003	2004
Budget authority as officially recorded	530	664	735	849	874
Add funding from transportation trust funds	26	37	41	41	43
Adjust for the "advance appropriations" gimmick	*	2	*	0	0
Adjust for assisted housing anomalies	11	5	6	7	6
<u>Adjust for the change in administrations</u>		<u>-27</u>	<u>27</u>		
Total adjustments	37	18	75	48	50
Figures used in our analysis	567	681	809	897	924
* means "less than 1/2 billion" Note: Columns may not add due to rounding					

End Notes:

^[1] These calculations are based on revised estimates of GDP, issued by the Bureau of Economic Analysis after this analysis was first published on December 16, 2003. GDP estimate for fiscal 2004 are based on the actual results for fiscal 2003, increased by the percentage assumed by CBO in its August 2003 baseline.

^[2] Revenue and expenditure projections for 2004 exist but are outdated; the level of revenues for 2004 is unusually hard to forecast, because it is not yet clear how rapid the economic recovery will be. In Tables 5 and 6, the figures for domestic discretionary programs and for defense, international, and homeland security programs represent expenditures (or outlays) rather than funding (or budget authority) for these programs. Thus, the data are similar but not identical to those that underlie Tables 1 through 4. Expenditures (rather than funding) are used for Tables 5 and 6 because deficits or surpluses are calculated as the difference between revenues and expenditures in any given year.

THE WHITE HOUSE 612 727
WASHINGTON

Date: 1/9/04

To: Barry Jackson
From: Strategic Initiatives Karl Rove

- FYI
- Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per Your Request
- Please Return
- Deadline
- Other

Karl:
copies
attached
B

Comments: _____

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Email	FW: FYI -- Charles Schwab, Social Security [with attachments] - To: Barbara J. Goergen, et al. - From: Barry S. Jackson	8	01/07/2004	P5;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

FOIA IDs and Segments:

2015-0037-F

OA Num.:

10754

2014-0124-F

NARA Num.:

10812

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

Goergen, Barbara J.

✓
4/2727

From: Goeglein, Tim
Sent: Monday, March 15, 2004 7:19 AM
To: Goergen, Barbara J.
Cc: Westine, Lezlee J.
Subject: FW: Race and the GOP

Karl

FYY.

Tsg

The New York Sun

March 14, 2004

Race and the GOP

by ALICIA COLON

The numbers for Tuesday's Democratic primary are shocking. Roughly 700,000 of the 5 million-plus registered voters bothered to vote. If I were the DNC, I would be concerned about the upcoming election.

Their almost-crowned candidate, John Kerry, had the hilarity to suggest that he would be following in President Clinton's footsteps to be the second black president. Poor Reverend Al Sharpton couldn't even get more than 8% in his home base and yet the multimillionaire Mr. Kerry thinks he can relate to the black community as well as po' boy Clinton.

I live in a part of Staten Island that is usually politically active. In 1988, when Jesse Jackson visited a local Baptist church, he drew huge crowds who eagerly greeted the first black man to run for president.

This past Tuesday, the local polling site a block from this church was devoid of any similar commotion. Absolutely no one I spoke with was interested in voting. Some residents were not even aware that there was a primary. There were no visits from any of the candidates. John Edwards had made an earlier trip to Staten Island but not to this neighborhood, which is heavily Democratic and has a high percentage of minority voters.

Last year, Rev. Sharpton said the Democratic Party shouldn't take the black vote for granted. Perhaps that was behind Mr. Kerry's attempt to woo the vote of an increasingly disenchanted black community.

The question, of course, is why is Mr. Clinton even considered the first black president? The answer to that puzzler is that the mainstream press can anoint any politician it chooses.

Certainly, Mr. Clinton had an administration that was racially and ethnically diverse and the press applauded this historic change. That President Bush has exceeded his percentages is not likely to register in any headlines.

When the former Clinton press secretary, Dee Dee Myers, charged that Mr. Clinton's inner circle was known as "the white boys club," her remarks were ignored. By contrast, two of Mr. Bush's senior advisers are Colin Powell and Condoleezza Rice, both African-American. Again, the press has decided - so what?

Remember all the fuss about the Confederate flag flying over the South

Carolina capitol in 2000? The flag issue became a national story to embarrass Mr. Bush, but Rep. J.C. Watts, the only black Republican in Congress, stepped up to defend him on CNN: "It was a Democratic governor by the name of Ernest Hollings" - now a Democratic senator - "that raised the Confederate flag," Mr. Watts said. "I cry for consistency. If you mention George Bush, you surely have to mention Ernest Hollings.... We wouldn't even be talking about this issue if Ernest Hollings wouldn't have raised the Confederate flag to start with."

Democrats George Wallace and Lester Maddox were key Southern governors to block school integration, but Democratic bigots seem to get passes by the press. So many remarks have been made by liberals about forgetting past peccadilloes when they are reminded that the esteemed senator of West Virginia, Robert Byrd, was a former member of the KKK. But there's no forgetting any transgression Dubya made as a Yalie.

Things are changing, thanks to the Internet, the many conservative bloggers of all ethnicities, and the Fox News Channel. Although the figures are not huge, there are increasing numbers of influential blacks marking their distance from the party and making reasonable reassessments of their political investments.

They are buying books and listening on talk radio to black conservatives like Larry Elders, Alan Keyes, Ken Hamblin, and Armstrong Williams. They now have the opportunity to read and listen to Star Parker, author of "Uncle Sam's Plantation," who was recently on C-Span's "Book Notes" sharing her wisdom derived from her experiences within that plantation.

The issue of gay marriage and the illicit ceremonies that seem to be steamrolling all over the country is also having a negative impact on a black community that traditionally has regarded homosexuality as against their core values.

If the GOP is smart, it will heed the lessons in the book "Back to Basics for the Republican Party," by Michael Zak. For those black Democrats who wonder if they should invest any more of their trust in a party that abandons them after gaining their vote, this book is an eye-opener as well.

Very few people know that during the Reconstruction era, the Ku Klux Klan was the terrorist wing of the Democratic Party. The Civil Rights Acts of 1866, 1875, 1957, and 1960 were Republican laws. Nor do many know that more Republicans supported the 1964 Civil Rights Act and the 1965 Voting Rights Act than did the Democrats.

How many feminists know that after being arrested for casting a vote in 1872, Susan B. Anthony boasted to Elizabeth Cady Stanton that she had voted the straight Republican ticket?

The GOP has ceded its historic reputation as a friend of the black community to the Democratic Party without much of a fight. It's time to vigorously support candidates who will bridge the divide that has been forged by dubious facts and distortions. It's time, indeed, to get back to basics.

Goeglein, Tim

From Tim Goeglein
✓ (KR) 612727

From: Jill Farrell [jfarrell@freecongress.org]
Sent: Thursday, March 11, 2004 4:52 PM
Subject: Marion Edwyn Harrison's Commentary: What The Electoral College Means To You
fcfnnn031204

EXEC. OFF. PRESIDENT
WH STRATEGIC INITIATIVES

2004 MAR 11 AM 9:48

Firsthand History

Representative Ralph M. Hall, (R-TX) On LBJ <http://www.fcfnewsdemand.org/>

Notable News Now
March 12, 2004

The Free Congress Commentary
The Popular Vote In The Electoral System
By Marion Edwyn Harrison, Esq.

The Electoral College is a ho-hum/so what subject. Not very many voters understand it; not very many voters care about it. Given the ignorance of most high school, and many college, graduates, probably only a small percentage of voters could explain why it was created, what it is, how it functions.

Since President George W. Bush was elected in 2000 with a majority of the Electoral College but a minority of the total popular vote, some liberal Democrats - especially those who are, or are said to be, "mad" (referring to attitude, unless coincidentally not to mental state) - harp over and again upon the irrelevant point, thereby displaying their ignorance of the Electoral College and of American government and history.

Forget total national popular vote. As the shibboleth says, we're a republic, not a democracy. Popular vote within a particular State matters; popular vote in the national aggregate is only fodder for disgruntled political agitators.

Let's view only the 20th Century. Democratic candidate [Thomas] Woodrow Wilson in 1912 received 41.8% of the (then all-male) total popular vote - and won. In 1916 he received 49.3% - and won. President Harry S. Truman, elevated from the Vice Presidency upon President Franklin Delano Roosevelt's death on April 12, 1945, ran for a full term in 1948, received 49.5% of the total popular vote - and won. Freshman Senator John Fitzgerald Kennedy received 49.7% in 1960 - and won (perhaps because defeated Vice President Richard Milhous Nixon did not challenge what appeared to be flagrantly fraudulent votes in two states). In 1968 the same Mr. Nixon received 43.4% - and won. In 1992 Governor William Jefferson Clinton received 43% - and won. In 1996 President Clinton received 49% - and won. In 2000 Governor George Walker Bush received 47.8% - and won. Thus, in the 20th Century, from Wilson's 41.8% to Kennedy's 49.7%, five candidates plus Mr. Clinton two times out of two won without a majority of the total popular vote.

The Founding Fathers did not have in mind total, or necessarily any other, popular vote when they wrote Article II, Section 1, into the Constitution:

Each State shall appoint, in such Manner as the Legislature thereof may direct, a Number of Electors, equal to [the number of the State's congressional delegation]. [Emphasis supplied.]

How the State Legislature chose those Electors was the sole prerogative of the State Legislature - by popular election upon a one-man/one vote basis, by popular election among citizens who owned land, by election of the State Legislature, from within the State Legislature, what-have-you. There was something between a hope and an understanding that responsible and substantial citizens would be chosen Electors, to utilize their own judgment, political parties as such having not come into vogue, and the notion of every political ignoramus having a vote being at best not widely held.

Now, of course, every State elects its Electors by the same universal suffrage by which any other elective officeholder is elected. To a point, however, the theory - and clearly the practice - is the same: States (and pursuant to Amendment XXIII also the District of Columbia) elect the President, the aggregate popular vote does not.

The foregoing accounts for the reason that presidential and vice presidential candidates campaign disproportionately in pivotal states and even the more in large pivotal states. Thus, one would not expect President Bush to spend much time in Texas or Senator John Forbes Kerry, if he's the Democratic candidate, to spend much time in Massachusetts. Whether this consequence of the Electoral College is beneficial or baneful to the Republic is a matter for political scientists to conjecture.

What is relevant is that neither the Electoral College system nor the practical political campaign relates to total popular vote. Those who continually whine - or, worse yet, claim some kind of fraud, unfairness or illegitimacy - about the 2000 Election result might consider displaying their ignorance in some other fashion. They unfortunately disproportionately are the same people Senator John Edwards and other "Trial Lawyers" like on their juries - ignorant, emotional, oblivious to causality, generally well intended. Those who appeal to them ought to be the more ashamed.

Marion Edwyn Harrison is President of, and Counsel for, the Free Congress Foundation.

The Debt To The Penny

03/08/2004	\$7,100,583,000,173.98
03/05/2004	\$7,099,567,295,565.79
02/27/2004	\$7,091,943,110,094.84
10/14/2003	\$6,816,232,489,123.39

<<http://www.publicdebt.treas.gov/opd/opdpenny>>

"Solvency is maintained by means of a national debt, on the principle, "If you will not lend me the money, how can I pay you?" Ralph Waldo Emerson
(1803-1882)

Today's FCF News on Demand

Visit <http://www.fcfnewsondemand.org/> to hear this story:

Representative Ralph M. Hall, (R-TX): LBJ: A Short Remembrance

People are listening to FCF News on Demand. Be sure to let your friends know that they can hear leading conservatives talk about issues that are important to the future of our country. Please tell your local radio stations and talk show hosts about FCF News on Demand!

Three books for \$1 each.

To learn more about the Conservative Book Club

click here http://www.conservativebookclub.com/Join/JoinHome.asp?sour_cd=WC00166

For media inquiries, contact Jill Farrell <mailto:jfarrell@freecongress.org>

Visit us on the web at <http://www.freecongress.org/>, <http://www.judicialselection.org/>, and <http://www.fcfnewsondemand.org>. Letters to the editor are welcome and may be published in future issues.

This publication is a service of the Free Congress Research and Education Foundation, Inc. (FCF) and does not necessarily reflect its views. It is not an attempt to aid or hinder

612727

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: Barry Jackson
From: Strategic Initiatives BJ Goergen

- FYI
 - Appropriate Action
 - Direct Response
 - Prepare Response For My Signature
 - Per Our Conversation
 - Let's Discuss
 - Per Your Request
 - Please Return
 - Deadline
 - Other
- Comments: _____

Barry Jackson



China Foundation, Inc.

(b)(6)

2004 MAR 16 11 12

HONORARY CHAIRMAN:
President Gerald Ford

HONORARY CO-CHAIRS:
Senator Mitch McConnell
Senator Daniel Akaka

BOARD OF DIRECTORS AND OFFICERS:

- Jane H. Hu, Ph. D. - Chairman & CEO
- Joseph Chen - President
- Mark O. M. Tso, M. D. - Senior Advisor
- Michael Butler - Senior Advisor
- Yuanli Liu, M. D., Ph. D. - Vice President, Public Health
- Bing Yao, Ph. D. - Vice President, Education
- Hon. Jill Kent, J. D. - Vice President, Development
- Mark Solomons, J. D. - Vice President, Health Insurance
- Christine Uong - Executive Director
- Haiping Luo, Ph. D. - Board of Director, Secretary
- Samuel Chao, Ph. D. - Scientific Advisor
- Richard L. Bucko, Ph. D. - Vice Chairman, Education
- Julia M. Liu - Vice Chairman, Education
- William Conrad, M. D. - Medical Advisor
- Richard N. Hirst, M.D. - Vice Chairman, Health Care
- Shieh Fan Hsu - Board of Director
- Rena Hung - Board of Director
- Rene C. Miller - Health Program Advisor
- Jessie S. Wing, M. D. - Medical Advisor
- Chien-yun Wu, Ph. D. - Nursing Education Director

CONSULTANTS:
Carl Taylor, M. D.
Janet Hohnen, M. D.
Bonnie Coe

Web Site:
www.chinafoundation.net

The Honorable Karl Rove
Chief of Staff
The White House
Washington, DC

Dear Karl:

March 11, 2004

Dr. Joe McIlhaney kindly informed me that he forwarded my e-mail with my Executive Summary on the International Center for Human Development at Tsinghua University to you for your review. Tsinghua University was built in 1911 with funds donated by the United States Government, now Tsinghua University is the most influential University in China. Many leaders of China including Chairman Hu Jintao graduated from Tsinghua University. It is interesting to note that Tsinghua University has more credibility than the Chinese Government, the leading Universities and foundations of the United States prefer to work with Tsinghua University. The International Center to be established by the China Foundation and Tsinghua University will coordinate all international projects related to health, education, social welfare, political training and other human development programs including HIV/AIDS prevention and treatment in China.

At the present time, the China AIDS Alliance formed by Former President Clinton, Bill Gates and Dr. David Ho who are all active Democrats seems to dominate HIV/AIDS prevention and treatment in China. I hope President Bush will take a leading role in establishing the International Center to coordinate domestic and international HIV/AIDS projects in China including the China AIDS Alliance projects. The goal of the International Center is to train the Chinese Government Officials to handle the problems of China themselves. The Kennedy School of Government of Harvard University collaborating with the China Foundation is doing an excellent job training the Chinese Government Officials including all Vice Ministers on HIV/AIDS education and policy. The International Center at Tsinghua University will have immediate and long lasting impact on China and Chinese people.

Enclosed please find a proposal without Appendix materials for you to review. If you and President Bush are interested, I shall send you the complete proposal book with a CD to be reviewed by your staff and Advisors. It only requires some seed money to start the project soon, after the Center is established in two years, the Chinese Government will support Tsinghua University to sustain the function and development of the International Center as an everlasting monument of US-China friendship for world peace and prosperity. Please contact me any time by e-mail at

(b)(6)

campaigning for President Bush to win the election.

Sincerely,
Jane H. Hu
Jane H. Hu, Ph. D.

Jane H. Hu, Ph. D.

Dr. Jane H. Hu is Founder and Chairman of the China Foundation, Inc., a non-profit charitable organization and Think Tank founded in 1997 and former President Gerald Ford serves as Honorary Chairman. Dr. Hu is currently serving as a Member of the Presidential Advisory Council on HIV/AIDS in Washington, D. C.

In 2000, the China Foundation raised funds to activate more than \$10 millions from the World Bank to build Township Health Centers in under-developed areas of China for maternal and child care, hepatitis B immunizations for newborns, tuberculosis treatments, surgical removal of cataracts and services for the elderly. From 2001 to 2003, the China Foundation, in partnership with the World Bank, has built a total of 120 Health Centers in China. The China Foundation, in partnership with UNICEF, U. S. Center for Disease Control and Prevention in China, works to prevent and treat infectious diseases to control epidemic spread of HIV/AIDS, hepatitis B and tuberculosis. Working with leading physicians and scientists in the U. S., Dr. Hu organized the International Forum On Infectious Disease in Taipei (May 25-26, 2002) and Beijing (May 29-31, 2002) to address the issues of epidemic spread of HIV/AIDS and other diseases as a dangerous threat to world health. The China Foundation also organized the Health Forum on SARS in 2003 in Houston, Texas to provide public health education and to raise public awareness.

From 1978 to 1997, Dr. Hu served as a Scientific Review Administrator (Health Scientist Administrator) at the National Institutes of Health in Bethesda, Maryland. From 1990 to 1993, she was appointed by Secretary Dick Cheney of Defense to serve as a Member of the Defense Advisory Committee on Women in the Services (DACOWITS). She served as Associate Director of Howard University Cancer Research Center from 1974 to 1978. After receiving a BA degree magna cum laude from Washington Square College, New York University in 1963, Dr. Hu did her graduate studies at the College of Physicians & Surgeons at Columbia University and received a Ph. D. degree in Medical Physiology. She did extensive research and teaching at medical schools and universities before she joined the National Institutes of Health.

During the U. S. Presidential Advisory Council on HIV/AIDS meeting in August 2003, Dr. Hu took the initiative to help pass an official policy recommendation to include China, India, Russia and other Asian Countries in the President's Global HIV/AIDS Initiative. China received \$21 millions to fight HIV/AIDS from the US Department of Health and Human Services in 2003.

Dr. Hu's community involvement and service is outstanding and exceptional. In 1983, Dr. Hu organized Asian American Voters Coalition (AAVC) to unite the Asian American community. President Ronald Reagan invited the National Officers of AAVC to the White House for a meeting on Asian American interests and concerns, Dr. Hu on behalf of AAVC requested President Reagan to appoint Asian Americans to policy-making positions. This was the beginning of Asian American political appointments and political

involvement. In 1987, Dr. Hu organized the National Republican Asian Assembly and she was elected the first National Chairman of Asian Republicans in the United States. Dr. Hu has remained to be an active and well-respected leader of Asian American community.

Her additional biographical data can be found in 'Five Hundred Leaders of Influences' published by the American Biographical Institute (1998), 'International Who's Who of Intellectuals' (Cambridge, International Biographical Center, 1998), and 'Outstanding People of the 20th Century' (Cambridge, International Biographical Center, 1999).

International Center for Human Development

China Foundation, USA

Tsinghua University, Beijing

Ministry of Health of China

UNICEF/China

US Center for Disease Control & Prevention/China

Chinese Association of STD/AIDS Control/ Prevention

China National Health Education Institute

Harvard University, USA

Submitted By;

Jane H. Hu, Ph. D

Chairman

International Center of Human Development

(b)(6)

E-mail

(b)(6)

612727

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: Dan Bartlett
From: **Strategic Initiatives** Karl Rove

- FYI
 - Appropriate Action**
 - Direct Response
 - Prepare Response For My Signature
 - Per Our Conversation
 - Let's Discuss
 - Per Your Request
 - Please Return
 - Deadline
 - Other
- Comments: _____

THE WHITE HOUSE
WASHINGTON

Date: March 12

To: BG

From: **Strategic Initiatives** Pete

- FYI
- x Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per Your Request
- Please Return
- Deadline
- Other

Send to
Dan G.

Comments:

Please give this
to Karl. Thanks.

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Email	Fwd: Bush's Air National Guard Question???? [with attachment] - To: Peter Wehner - From: Rob Portman	7	03/12/2004	PRM;

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Records Management, White House Office of

SERIES:

Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:

612727 [2]

FRC ID:

9730

OA Num.:

10754

NARA Num.:

10812

FOIA ID and Segment:

2015-0037-F

2014-0124-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

612727

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: Jim Connaughton
From: Strategic Initiatives BJ Goergen

- FYI
- Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per Your Request
- Please Return
- Deadline
- Other

Comments: _____

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: David Hobbs

From: **Strategic Initiatives** BJ Grayson

- FYI
- Appropriate Action
- Direct Response
- Prepare Response For My Signature
- Per Our Conversation
- Let's Discuss
- Per Your Request
- Please Return
- Deadline
- Other

Comments: _____

THE WHITE HOUSE
WASHINGTON

Date: 3/16/04

To: Frank Miller

From: Strategic Initiatives BJ Goergen

FYI

Appropriate Action

Direct Response

Prepare Response For My Signature

Per Our Conversation

Let's Discuss

Per Your Request

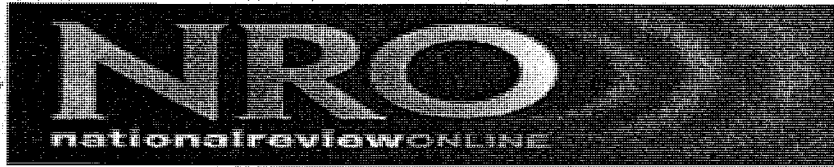
Please Return

Deadline

Other

Comments: _____

XC: John Connors
Frank Miller
Danz White



JOHN KERRY'S TREATY

By Frank J. Gaffney, Jr.

26 February 2004

John Kerry wants a world in which the United Nations calls the shots and U.S. freedom of action, in the absence of the U.N.'s permission, is sharply circumscribed. Most Americans recognize that this would be a formula for disaster — a world in which the lowest-common-multilateral-denominator would routinely trump, and often jeopardize, our security interests.

President George W. Bush's supporters believe that he rejects this Kerry-Clinton worldview. They look forward to a national election in which voters get to choose between his Reaganesque philosophy of peace through American strength and Kerry's U.N. *uber alles*.

So why would the Bush administration be pushing for the ratification of a treaty that will make a giant leap towards John Kerry's world?

On Wednesday, Sen. Kerry voted by proxy (since he can't take time off from running for president to do his day job in person) for a resolution of ratification that would make the U.S. a party to the Law of the Sea Treaty (LOST). He was able to do so, however, only because the Bush team decided to eschew

President Reagan's 1982 judgment that LOST was irremediably defective, in favor of President Clinton's 1994 assessment that the accord was in America's interests. With the support of the Bush administration, Senate Foreign Relations Committee Chairman Richard Lugar brought the treaty to a unanimous favorable vote and promises to try to get the Senate to act on it "as soon as possible."

Unfortunately, as usual, Ronald Reagan was right and Bill Clinton was wrong. Here's why:

- U.S. adherence to this treaty would entail history's biggest and most unwarranted voluntary transfer of wealth and surrender of sovereignty. A product of the Left/Soviet-Non-Aligned Movement-agenda of the 1960s and '70s, LOST creates the International Seabed Authority (ISA) — a supranational organization with unprecedented powers.
- These include the power to: regulate seven-tenths of the world's surface area, levy international taxes, impose production quotas (for deep-sea mining, oil production, etc.),

govern ocean research and exploration, and create a multinational court to render and enforce its judgments. Some even aspire to giving the U.N. some of our warships so it can have "blue hulls" — to go along with its "blue helmets" — to ensure that the ISA's edicts are obeyed.

- LOST was drafted before — and without regard to — the war on terror, and what the U.S. must do to wage it successfully. As a result, U.S. national-security interests will be severely undermined by several of the treaty's provisions. For example, the sorts of at-sea interdiction efforts central to President Bush's new Proliferation Security Initiative (PSI) would be prohibited. Communist China has already taken to citing the treaty to object to PSI maritime interdiction and the boarding of suspect vessels.

The treaty effectively prohibits two functions vital to American security: collecting intelligence in, and submerged transit of, territorial waters. Mandatory information sharing will afford U.S. enemies data that could be used to facilitate attacks on this country (e.g., detailed imagery of underwater access routes and offshore hiding places). Obligatory technology transfers will equip actual or potential adversaries with sensitive and militarily useful equipment and

know-how (such as anti-submarine warfare technology).

- The treaty fails to address, let alone offer solutions to, the most dangerous flashpoints for military conflict facing the world. In fact, Communist China is using its own unique interpretation of the treaty to justify its inexorably increasing control over the strategic South China Sea. The PRC creates and fortifies man-made islands near that sea's rich oil and mineral deposits, then asserts that LOST entitles it to exclusive economic control of the waters within a 200 nautical-mile radius — including waters transited by the vast majority of Japanese and American oil tankers *en route* to and from the Persian Gulf.

The truth of the matter is that the Law of the Sea Treaty is so defective, so contrary to U.S. interests that the only way it could possibly be ratified is for it to be blown through the Senate when no one is looking. That is precisely what Sen. Lugar is trying to do. He has: prevented critics from testifying before his own committee; kept other committees from being briefed on the treaty; and is seeking to get it to the Senate floor before effective opposition can be organized and expressed. This abuse of traditional Senate practice and good governance must not be allowed to stand.

Alas, in addition to the wealth redistributors, one-worlders,

environmentalists, international lawyers, and the other usual suspects on the Left, the U.S. Navy, the American oil industry and Vice President Cheney currently support LOST. Such support appears to be motivated by narrow, parochial, and shortsighted reasons (e.g., the belief that having internationally agreed "rules of the road" for the world's oceans will be good for the respective businesses of the Navy and the deep-sea "oil patch.")

Such myopic support is even more grievously misplaced and foolish than that given in 1997 by a powerful trade association — the Chemical Manufacturers Association — to another defective treaty, the Chemical Weapons Convention. Thanks to the CMA's lobbying at the time, its members are today (as was predicted) being subjected to onerous international inspections, thereby risking, among other things, the loss of proprietary information to foreign spies masquerading as international inspectors. Now, too late, they wish the U.S. had not ratified the CWC.

The U.S. cannot afford once again to ignore the real and grave costs of an ill-conceived and strategically ill-advised treaty at the behest of parochial and misguided special interests. Their later regrets will pale beside those the rest of us will feel.

The bottom line is that the Law of the Sea is a prime example of the way people like Sen. Kerry would like the world to be ordered and run.

It is not consistent with Republican governing principles and values — or, more importantly, this country's vital interests. If President Bush's base is upset, and properly so, over his immigration and spending-policy errors, they will be furious when they learn that his administration is willing to cede unprecedented American sovereignty, power, and control over who taxes and regulates U.S. businesses to the U.N.

Given what is at stake, Richard Lugar's efforts to ram the Law of the Sea Treaty through the Senate are all the more objectionable. It is imperative that other Senate committees whose jurisdictions will be affected by LOST (including Armed Services, Intelligence, Commerce, Environment and Public Works, Governmental Affairs, and Finance — and for that matter their House counterparts, which may have to consider enacting legislation) should be able to hold their own, far-more-balanced hearings before the full Senate is asked to consider John Kerry's treaty.

— *Frank J. Gaffney Jr. is the president of the Center for Security Policy and an NRO contributing editor.*

LAW OF THE SEA TREATY MUST *NOT* BE RATIFIED

President Reagan rejected the Law of the Sea Treaty (LOST) in 1982. It was a bad idea then; it is an *intolerable* one now. It must not be ratified by the U.S. Senate.

- U.S. adherence to this treaty would entail history's biggest and most unwarranted voluntary *transfer of wealth and surrender of sovereignty*: A product of the *Left/Soviet/non-aligned movement agenda* of the 1960s and '70s, LOST creates the International Seabed Authority (ISA) – a new supranational organization with unprecedented powers:
 - The power to *regulate seven-tenths of the world's surface area*
 - The power to *levy international taxes*
 - The power to *impose production quotas* (for deep-sea mining, oil production, etc.)
 - The power to *regulate ocean research and exploration*
 - The power to create a *multinational court system* to render and enforce its judgments
- LOST was drafted before – *and without regard to* – the War on Terror, and what the United States must do to wage it successfully. As a result, U.S. national security interests will be severely undermined by several of the Treaty's provisions.
 - The sorts of at-sea interdiction efforts central to President Bush's new **Proliferation Security Initiative (PSI)** would be prohibited. Communist China has already been citing the Treaty to object to PSI maritime interdiction and boarding of suspect vessels.
 - The treaty effectively prohibits two functions vital to American security: **intelligence-collection** in and **submerged transit** of territorial waters.
 - **Mandatory information-sharing** will afford U.S. enemies data that could be used to facilitate attacks on this country (e.g., detailed imagery of underwater access routes and off-shore hiding places).
 - **Obligatory technology transfers** will equip actual or potential adversaries with sensitive and militarily useful equipment and know-how (such as anti-submarine warfare technology).
- The Treaty fails to address, or let alone offer solutions to, the **most dangerous flashpoints for military conflict facing the world**. In fact, Communist China is using its own unique interpretation of the Treaty to justify its assertion of control over the strategic South China Sea.
- LOST is so defective, so contrary to U.S. interests that **the only way it could possibly be ratified is for it to be *blown through the Senate* when no one is looking**. That is precisely what Foreign Relations Committee Chairman Richard Lugar is trying to do. He has: prevented critics from testifying; kept other committees from being briefed on the treaty; and is seeking to get it to the Senate

floor before effective opposition can be organized and expressed. This abuse of traditional Senate practice and good governance must not be allowed to stand.

- **For narrow, parochial and shortsighted reasons, the U.S. Navy, the American oil industry and Vice President Cheney currently support LOST.** Such support is even more grievously misplaced and foolish than that given in 1997 by a powerful trade association – the Chemical Manufacturers Association – to another defective treaty, the Chemical Weapons Convention. As a result, the CMA's members are (as was predicted) being subjected to onerous international inspections, risking among other things, the loss of proprietary information to foreign spies masquerading as international inspectors. Now, too late, they wish the U.S. had *not* ratified the CWC.
- The United States cannot afford once again to ignore the real and grave costs of a ill-conceived and strategically ill-advised treaty at the behest of parochial and misguided special interests. Their later regrets will pale beside those the rest of us will feel.
- LOST is a prime example of the way people like **Sen. John Kerry** would like the world to be ordered and run. **It is *not* consistent with Republican governing principles and values – or, more importantly, this country's vital interests.**
- The Law of the Sea Treaty must be subjected to close scrutiny by every one of the many committees (**Armed Services, Intelligence, Commerce, Environment and Public Works, Governmental Affairs and Finance**) whose jurisdictions will be affected *before* any further action is taken on this defective accord.

- **ACTION ITEMS:**

- **The Public must be informed about this treaty-travesty.**
- **The Senate leadership** must be warned that quick, let alone *covert*, action on it will further **alienate a base already upset about recent GOP immigration and spending policy errors.**
- **Committee Chairmen** whose jurisdictions are affected must hold their own hearings and – until they do, at the very least – **must be urged to oppose hasty, ill-informed action on this treaty.**

Sen. Bill Frist, Majority Leader 202-224-3344

Sen. Mitch McConnell, Majority Whip 202-224-2541

Sen. Rick Santorum, Conference Comm. Chair 202-224-6324

Sen. Jon Kyl, Policy Comm. Chair 202-224-4521

Sen. Jeff Sessions, Steering Comm. Chair 202-224-4124

Sen. Susan Collins, Governmental Affairs Chair 202-224-2523

Sen. Chuck Grassley, Finance Comm. Chair 202-224-3744

Sen. Jim Inhofe, Environment Comm. Chair 202-224-4721

Sen. John McCain, Commerce Comm. Chair 202-224-2235

Sen. Pat Roberts, Intelligence Comm. Chair 202-224-4774

Sen. John Warner, Armed Services Comm. Chair 202-224-2023

F:OPL ✓ 612 727
Summary

March 12, 2004

2004 MAR 15 PM 1:05

MEMORANDUM TO: KARL ROVE
SENIOR ADVISOR TO THE PRESIDENT

FROM: LEZLEE WESTINE
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR OF PUBLIC LIAISON

RE: OPL SUMMARY FOR MARCH 8 – MARCH 12

PRESIDENTIAL EVENTS

- 03/09/04 Meeting with The National Commander of the American Legion
- 03/09/04 Meeting with the Chief of Veterans of Foreign Wars
- 03/09/04 Photo Opportunity with Veterans of Foreign Wars Youth Delegates
- 03/10/04 Tour of Thermagon (Cleveland, Ohio)
- 03/10/04 Remarks at the Women's Entrepreneurship in the 21st Century Meeting (Cleveland, Ohio)
- 03/11/04 Tour and a Conversation on the Economy and Job Training (Bay Shore, New York)
- 03/11/04 Remarks to the National Association of Evangelicals Convention via Satellite
- 03/12/04 Remarks on Women's Human Rights (East Room)
- 03/12/04

(b)(6)

BRIEFINGS

- 03/08/04 Gordon College Students with Tim Goeglein. Topic: Role of Faith in Public Life
- 03/08/04 South Carolina Farm Bureau's National Legislative Committee with Jeremy White (EEOB 476)

- 03/09/04 Lifetime TV with Cindi Williams, JoAnn Schneider, March Bell, Steve Wagner. Topic: Sex Trafficking
- 03/10/04 American Insurance Association with Karl Rove and Greg Mankiw (EEOB 180)
- 03/10/04 Indiana Leadership Forum with Angela Flood, Tom Dinanno, Kevin Kellems, and Matt Smith (EEOB 476)
- 03/11/04 Women in the Senate and House (WISH) Leadership Event
- 03/11/04 Focus on the Family CEO Forum with Secretary Evans, Terrell Halaska, Jim Towey, Kristen Silverberg (EEOB 450)
- 03/11/04 Focus on the Family CEO Forum with Secretary Don Evans, Kay James, Claude Allen, Jim Towey. Topics: Jobs, Management, Abstinence, Faith Based Initiatives
- 03/11/04 YPO California briefing with Ruben Barrales, Jimmy Orr, and Kristin Forbes (EEOB 474)
- 03/12/04 Portland Business Alliance with Phil Bond, Former Chairman Bill Archer, Martin Whitmer, and Greg Jenner (EEOB 474)

OUTREACH MEETINGS

- 03/08/04 Ed Crane, President, CATO Institute.
- 03/08/04 Duane Parde, Executive Director, ALEC.
- 03/08/04 Jonathon Aitken, Biographer of Chuck Colson.
- 03/09/04 Peggy Ellis, Nueva Esperanza.
- 03/09/04 Nancy Hawk, Chair, The School of the Building Arts; John Paul Huguley, Founder, The School of the Building Arts.
- 03/09/04 Loren Schoenberg, President, The Jazz Museum in Harlem; Leonard Garment and Suzie Garment, Patrons, The Jazz Museum in Harlem.
- 03/10/04 National Association of Evangelicals Board.

- 03/10/04 Dr. James Dobson, Founder, Focus on the Family; Don Hodel, President, Focus on the Family.
- 03/10/04 Americans for Tax Reform with Brian Reardon. Topic: Budget
- 03/10/04 Free Congress Foundation with Brian Reardon and Paul Weyrich. Topic: Budget
- 03/12/04 Phil Truluck, Executive Vice President of the Heritage Foundation.

PRESIDENTIAL MESSAGES

- 03/10/04 Executive Meeting of the Overseas Schools Advisory Council
- 03/10/04 President of the National School boards Association

OUTREACH CONFERENCE CALLS

- 03/08/04 Conservative Leaders. Topics: Economy, Defense
- 03/09/04 Board of the Hudson Institution on War, Revolution and Peace, with Dan Bryant. Topic: Patriot Act
- 03/11/04 Catholic Leaders. Topic: Tax Permanence

OPL STAFF AND OPL-ARRANGED SPEECHES/TRAVEL

- 03/10/04 Remarks to Focus on the Family staff.
- 03/11/04 Remarks to National Association of Evangelicals Convention.
- 03/12/04 Karl Rove Luncheon and Roundtable with TechNet Northwest (Seattle, Washington)

EMAIL DISTRIBUTIONS*

- Statement by President Bush on Iraq
 - 1,200 Iraq Update
- Radio Address by President Bush
 - 1,200 Iraq Update

- Fact Sheet: Opening New Markets for America's Workers
 - 800 Economic Leaders
- Remarks by President Bush at the Women's Entrepreneurship in the 21st Century Forum
 - 800 Economic Leaders
- Fact Sheet: Tax Relief is Strengthening our Economy
 - 800 Economic Leaders
- Remarks by the President to the National Association of Evangelicals
- Trade and Job Creation Fact Sheet
- Global Messenger